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ECONOMIC REVIEW OF REVIEWS.

AGRICULTURAL FINANCE.

Mr. BENJAMIN M. ANDERSON in the *Chase Economic Bulletin** adumbrates a policy whereby farmers might employ the gains made in a period of prosperity to secure themselves against the subsequent depression. A period of prosperity involves a greater danger of over-expansion and over-capitalisation in agriculture than in most other lines of production. Twenty-five cent sugar was financially disastrous to Cuba. The high prices of grain and live stock, through 1915–19, left the farmers in a most vulnerable financial position. Obviously, if they had used the profits of 1915–19 to pay off debts and to pile up liquid reserves in the form of marketable investments, they would be better off to-day than they were in 1913. A great many businesses did precisely that thing, examples being the United States Steel Corporation and the Utah Copper Company.

Agriculture has much to learn from industry and commerce in the matter of financial technique. Liquid investments and the importance of liquidity are little understood in agricultural regions. Rather, as intelligent men, the farmers invest in the things they know and understand—namely, land and mortgages on land. The farmer with surplus funds thinks first of land. If he is an old man or a very conservative man, he lends to some other farmer on mortgage security to enable him to buy land. Both of these investments are socially approved in the community as proper things for a conservative, substantial man to do. The foundation of a speculative boom in farm lands is thus to be found in practices and ideals which constitute the conservative wisdom of an agricultural community.

In individual cases, it often is wise to buy land or to lend on farm mortgages. But when an agricultural community as a whole receives a large volume of new funds through a sharp rise in prices of farm products, a sharp rise in land prices is almost inevitable. Mortgages are not paid off. Rather, active and successful farmers use their profits as margins and buy more land, partly on borrowed money. The more prudent elements of the community distrust the higher values at first, but as actual sales at higher prices take place in sufficient number, new standards are created and the community comes to believe in the permanence of the new values. New loan standards are also created. Perspective is lost. It is easy to go into debt for the purchase of land and finally a boom psychology is created in which the whole structure, both of land values and of loans on land, may become very unreasonably high. When reaction comes, such communities are very ill prepared to meet it.

Farm values rose in the United States from $39.60 to $69.38 per acre between 1910 and 1920. From 1850, the figures by decades are :—

Average Value per Acre (Farm Land and Buildings).†

1850.	1860.	1870.	1880.	1890.	1900.	1910.	1920.
$11.14	$16.32	$18.26	$19.02	$21.31	$19.81	$39.60	$69.38

† Fourteenth Census of the United States, Volume V, p.32.

The figures of the Census for mortgage debt on farms operated by owners are as follows : 1890, $1,806 mill. ; 1910, $1,726 mill. ; 1920, $4,004 mill. An unofficial estimate supplementing these figures places the total of farm mortgages in 1910 at $3,599 mill. and in 1920 at over $8,000 mill.

Copper and steel, as well as agriculture, faced the problem of rapidly rising prices in the boom period, followed by a sudden collapse in the crisis and depression. Steel fared better than agriculture, because steel prices rallied in 1922, but copper prices since 1920 have averaged only 13½ cents per pound as against 15 cents in 1913—a record substantially worse than the record of agricultural prices. Both industries had the same temptation to run wild financially that agriculture had, and both would have been wrecked in 1920–22 if they had allowed themselves to run wild in 1915–20. It is then shown how the United States Steel Corporation and the Utah Copper Company, by judiciously using their surpluses to maintain large reserves in liquid form, especially in marketable securities, contrived to find themselves in a stronger position during the worst time of the post-war depression than they were in 1913.

The contrast between these financial policies and those which prevail in agriculture is deserving of attention and study. The farmer can also learn to take account of the fact that there are alternations in business, that sharp booms are usually followed by sharp reactions, and that when reactions come liquid cash and marketable securities are very useful. The farmer is liquidating this year. His larger income—very much better than for several years—is being used very generally in paying off bank loans, arrearages on interest, and debts to merchants, fertiliser companies, farm machinery companies, and others. In some sections, however, he has surplus funds after these creditors are cared for, and

* Vol. IV, No. 5. Issued by the Chase National Bank of the City of New York.

with another good year this would be true in many sections. In what should he invest his surplus funds?

The country banker, supplementing his information by consulting his city correspondent, will be the farmer's best adviser in matters of this kind. The farmer has often been the victim of enthusiastic salesmen of speculative stocks, and the banking fraternity should be alert to guard him against this in the future. Short-term Liberty bonds and local school district warrants, in well-managed districts, are excellent. Both are acceptable as collateral at the country bank in time of financial pressure, since both are very acceptable as collateral when the country banker wishes to borrow from his city correspondent. Every country banker can have a list of good railroad and industrial bonds (of fairly short maturity so as to avoid the risk of wide market fluctuations with changing interest rates), which he can recommend to his customers as suitable for a liquid reserve. Local mortgages, however good, do not meet the requirement of liquidity, and while excellent as a source of income for retired farmers, do not constitute a suitable emergency reserve for the active farmer. Savings and time deposits with the country bank constitute a satisfactory reserve for the individual farmer, and also for the community as a whole, if the country banker uses them to buy outside commercial paper, bank acceptances, and marketable securities. They should not be tied up unduly in local mortgages.

The present artificially cheap money, which has so greatly reduced the yield on securities, acceptances, and commercial paper, is a very severe handicap to the country banker who wishes to keep the savings and time deposits of his community in liquid investments. Mortgages now yield so much more than do liquid investments, that the temptation to buy mortgages is very great. There is special need to be on guard lest the present artificial excess of short-time funds in the financial centres overflow into real estate mortgages and generate an unsound boom in farm lands.

PURCHASING-POWER PARITY.

In the October *Quarterly Report* of the Skandinavska Kreditaktiebolag, Prof. GUSTAV CASSEL replies to "certain" critics of his Purchasing-Power Parity theory of foreign exchanges. The critics are not mentioned, but they may confidently be identified with the author of "The Austrian Crown," and particularly Sir Henry Strakosch, who wrote the foreword thereto. When reviewing that book (*see* THE ECONOMIC REVIEW, Sept. 12, 1924, page 237) we observed that the phenomena attending the movements of the Crown were so exceptional that it could not be suitably adduced either for or against any monetary theory whatsoever. "The cardinal point," says Prof. Cassel, "in the theory of the purchasing-power parity is, in fact, that the value of a currency is determined by what one can purchase for it in the country where it is legal tender." In Austria, however, the Swiss franc practically displaced the crown as the medium of exchange for a considerable period. "When the internal formation of prices has thus lost all independence, it is scarcely surprising that it should be impotent to withstand the influences that emanate from a speculative currency market, quite beyond the pale of the normal currency problem. The doctrine of the purchasing-power parity is not undermined by such phenomena." With that it would be difficult to disagree. Prof. Cassel's defence in the case of moderate but continuous inflation is more doubtful. He admits that in such cases the reduction in the international value of the currency is greater than the rise of the price level during the actual process of the inflation. But he observes: "This fact by no means involves any restriction in the validity of the theory of the purchasing-power parity, but, on the contrary, is merely a consistent application of the theory to a certain dynamic condition. In many cases where a currency is purchased, there is, of course, no intention of buying goods for that currency immediately: the currency is purchased in order to cover the requirements of goods in the near future. The level of prices which is expected to prevail in that future must therefore affect the market for that currency." In other words, it is future prices, rather than present prices, that determine the exchanges; that, however, comes perilously near conceding his opponents their point, for the fall in the exchanges must help the internal prices to rise—the exchanges, that is, influence prices. Still, the theory in the main essentials holds good; for he can reply with effect that it is the rise in internal prices which gives the original impetus to the fall in the exchange. But there are more serious objections which he does not meet. There can be little doubt that a country's credit influences the market value of its currency, and that there are other factors than monetary inflation that may make credit bad. A currency will fall where a country defaults in respect of its foreign loans, and that fall will cause internal prices to rise whether or not there has been any inflation. A currency will also fall where there is an unfavourable trade balance over an excessive period. Prof. Cassel, in fact, claims too much for his theory; it explains a good deal, but it does not explain everything. It is too symmetrical; human psychology is incorrigibly elastic and it cannot be eliminated from economics, least of all from that part of economics which is concerned with credit.

LABOUR LEGISLATION IN BULGARIA.

In an article in the *International Labour Review** M. ILIA YANOULOFF, the President of the Bulgarian Association for Social Reform, reviews the rapid development of labour legislation in Bulgaria during the last twenty years, which he summarises in the opening paragraphs as follows:—

"Twenty-five years after her release from the Turkish yoke Bulgaria had no protective labour legislation. The capitalist system began to appear in the towns; but while it brought prosperity to a few, the working classes as a whole were poverty-stricken. When, in 1900, the present writer published an article on the urgent need for labour legislation, this action was looked upon as hostile to the interests of production.

"From 1900 to 1904 the first Bulgarian trade unions assumed increasing importance. It was at this time that the writer translated Mr. Albert Thomas' work, *Les Syndicats allemands*, a book which contributed largely towards giving the Bulgarian working classes a clear conception of the autonomy of the German unions. Workers' organisations became conscious of their strength, increased their activities, and, through petitions, protests, and demonstrations, engaged in a vigorous campaign for protective labour legislation. These efforts led in 1905 to the enactment of a law for the protection of women and children in industry. The first step taken, a whole series of measures indicating comparatively rapid progress was soon to be recorded. In 1905 an Act relating to relief funds for workers in public undertakings was passed, and in 1907 factory inspection was instituted. The power of the labour movement was now established.

"In the Speech from the Throne in 1907, Prince Ferdinand said: 'To-day begins the era of social legislation'; a rhetorical pronouncement, no doubt, yet significant of a new order of ideas. In 1909 an insurance fund for workers in certain industries was established. In 1911 a law was passed relating to Sunday rest and public holidays. The same year the Ministry of Industry and Labour was set up, with a special section dealing with all questions affecting the working classes. In 1915, just before Bulgaria's entry into the war, vigorous legislative measures, the most important being the Act on the amalgamation of workers' insurance funds, placed social legislation on a broader basis. In 1917 there were enacted two fundamentally important laws: one on the inspection of boilers and tanks, the other on industrial hygiene and safety. A year later an Act on sickness and accident insurance was passed, and in 1919 a Decree instituted the 8-hour day. Finally, the Act of 1924, of first importance, lays down definite rules concerning social insurance. Mention must also be made of a Bill introduced by the Government on the provision of employment and unemployment insurance. The Government has adopted the principle of progressive profit-sharing in industrial undertakings and is beginning to introduce it in State undertakings. Lastly, a Government Bill is being drafted on conciliation courts for disputes between workers and employers."

There follows a survey of the provisions contained in the various legislative measures.

* Vol. X, No. 3. International Labour Office, Geneva. London: Allen and Unwin. Monthly, 2s. 6d.

ECONOMIC SURVEY

(The following Survey is strictly impartial both in content and in selection, and is in no way subject to the influence of Editorial opinion.)

DANZIG

POLITICAL AND GENERAL

Economic Situation.—The statement of account for the past four years gives a very clear picture of the energetic manner in which Danzig has successfully worked towards a sound economic condition. In the fiscal year 1920 the deficit, reckoned in gold marks, was still Mk.866,975; but in 1921 a surplus of Mk.890,453 was shown, and in 1922 Mk.703,494. For the fiscal year 1923 the municipality enjoyed a surplus of from 800,000 to 900,000 gulden, whilst the State was a similar sum to the good. Apart from the reductions in the civil service, still being carried out in 1924, the relentless levying of taxes was chiefly instrumental in procuring such favourable figures. The probate duty (proposed 1 million) and the receipts duty (7 million) are therefore to be reduced to the half; and the proposed municipal contribution of 3 million to the property tax has been entirely repealed. A bill to this end is being submitted.

Foreign trade has resulted in a continuous active balance. The total foreign trade (excluding Poland) yielded 299.6 million gulden in imports, and 383.8 million in exports; thus an export surplus of 84.2 million. If the trade with Poland be added a still more favourable balance is obtained. Poland was the foremost source of supplies for Danzig; then followed the United States with 66.4 mill., England 56.2 mill., Germany 53.6 mill. and Africa 29.3 mill. Danzig found her best market in England, 99 mill.; Germany imported to value of 72.4 mill., Denmark 42.8 mill., France 40.5 mill., Belgium 37.0 mill. and the Netherlands 32.0 mill. gulden. The leading imports were provisions, such as American wheaten flour, English and Norwegian herrings; but important were also English coal, Chilian artificial manures, raw cotton from the United States, India and Egypt, and wool from Great Britain and France. Timber still held the first place in exports and England was the chief consumer; sugar followed, mostly for England and Denmark. Timber and sugar actually comprise a good half of the total exports from Danzig, both in respect to value and weight. This suggests the extraordinary rôle that Poland in the hinterland plays in the economic life of the Free State. The substitution by the Polish Government of export duties for export prohibitions, though but a slight change in actual practice, facilitates Danzig's imports, since it renders the circumnavigation in obtaining permits for exports from Poland no longer necessary. Certain Danzig industries, for example, shipbuilding, are granted licences for importing their raw material free from import duty.

The Bank of Danzig is the model of an absolutely independent issuing bank. It must not buy or grant loans on any kind of promissory notes of the Free State or its municipalities; must not accept bills of exchange; and must not buy or sell goods or stocks quoted on the Stock Exchange on credit to its own or others' account. The value of the notes circulated by it must not exceed 100 zlotys per head of the permanent population. It must be covered to the extent of one-third in gold specie, Bank of England notes or in debts falling due daily against the Bank of England. The remainder of the security must be in Danzig bullion or in specially secured trade bills. Apart from the customary business with cheques the bank may only buy or sell bills on goods (in gulden) at the outside at three months. The following statement shows the secured position:—

	Bullion.	Daily Bills (Bank of (England).	Foreign Bills.	Bills of Exchange.	Notes in Circulation.	Liabilities.
		(In millions of zlotys.)				
June 20...	2.6	15.4	8.3	13.7	21.0	15.8
Aug. 30...	2.9	15.3	7.8	14.1	25.3	9.5
Sept. 30...	2.7	12.2	17.4	14.4	27.9	13.4

Thus on Oct. 1 the funds represent a security of 105.97 per cent. A complaint has been made against the bank for permitting so high an amount to lie unused at the Bank of England at such a low interest as 2½ per cent. The Danzig bank has replied that this really forms the backbone of the Danzig currency and that, in view of the currency being only recently established, the amount must be high and that this security-bearing interest is better than to be covered by gold which bears no interest. (*Frankfurter Zeitung.*)

In the opinion of Dr. Curt Poralla, of Danzig, the situation is not so favourable. Writing in the *Wirtschaftsdienst*, he maintains that although some improvement is apparent in certain branches of industry there are grounds for criticism of the general situation. He attributes the persistence of the depression to outside influences, so re-acting upon the inland situation that every issuing improvement has been followed by a fresh set-back. Since the economic and political union of Danzig and Poland the continued alterations relative to the Customs have repeatedly interrupted or impeded the process of restoration. The sudden and unexpected innovations in the import and export regulations have had a similar effect, the recent drastic measures ordered by the Ministry of Finance at Warsaw being applicable also to the Free State of Danzig. These revisionary orders make Danzig further dependent upon Poland. According to the agreement of October 1921, Danzig is certainly bound to extend to its own territory the import and export restrictions valid for Poland, with the reservation that special quantities of goods, necessary for its own consumption, should be free from these regulations. But by the substitution, on the part of Poland, of export duties for the greater part of the previous export prohibitions, Danzig loses the possibility of following more or less independent lines in matters of import and export and is compelled to renounce its already restricted privileges and to recognise the new system. The Danzig Senate has protested before the Polish Government against this disregard of the agreement. But the Polish Government has confirmed the regulations issued on October 1. Under the present regulations reductions in import duties will only be granted for articles of daily use, for raw material and means of production so far as there is actual need for them and so far as they are obtained direct by the consumers. Apart from this the import policy hitherto pursued remains much the same with but slight alterations. Goods, the importation of which into Poland is prohibited (*see* The Economic Review, Vol. X., No. 17, Oct. 24, 1924), can be obtained without licence only from those countries with which Poland has entered into special commercial treaties; and even then only if there are also corresponding supplies to hand for importing to Poland. The import duties are to be raised (anti-dumping tax), if there are grounds for believing that the country of origin is seeking to stimulate the exportation of the goods by the granting of awards. As regards the exportation of goods from the Danzig–Polish tariff area only the raw materials indispensable for industrial purposes are prohibited. Eggs, however, stand under a temporary prohibition; whilst provisions, including corn, do not fall under the formal prohibition. The innovation in the Polish export policy is the introduction of export duties on various goods the export of which was formerly prohibited. As a result of the new order the export duties on rye and rye meal have been considerably increased and fresh duties have been imposed upon wheat, barley and oats.

The writer proceeds to demonstrate how the whole question of tariff measures has become very complicated and concludes that the position of Danzig to foreign countries is in this respect a book with seven seals. This could be observed at the Danzig Fair early in October when, on account of the favourable offers, especially in German goods, many more contracts would

have been made if it had not been for the prevailing uncertainty in respect to the present duty on the different categories of goods.

TRADE

Second Danzig International Fair.—Taking into consideration the present economic conditions the attendance at the Danzig Fair at the beginning of October was quite satisfactory. There were 900 firms exhibiting, representing in all sixteen different countries. Sweden, Spain, Greece and Brazil showed jointly. The greater portion of the exhibiting firms were from Danzig, Germany and Poland. From the second day of the exhibition business in many branches was brisk and continued daily to improve. The results confirmed the impression that fairs at Danzig are suitable centres for encouraging trade and commerce in Eastern Europe. The high tariffs proved an obstacle to the German exporters; but even then in certain branches, for example, textiles, the German goods were cheaper than similar goods made in Danzig or Poland. The machinery branch was not so satisfactory, keen interest being shown only for agricultural machines. Articles of everyday use, however, met with a heavy sale and many manufacturers have taken orders for months ahead.

The general satisfaction was expressed at the close of the Fair by the numerous applications for participating in the Spring Fair of 1925. (*Wirtschaftsdienst.*)

COMMUNICATIONS

Port of Danzig.—The work of constructing a Polish dock at the Port has just commenced by the laying down of a railway line connecting the dock with the main system of Polish railways. The strike of the workers engaged upon this construction is now at an end. (*Agence Economique et Financière.*)

DENMARK

POLITICAL AND GENERAL

Proposed Amendment of the Banking Laws.—The aim of an important Government measure introduced in the Folketing is to provide more effective control of the Banking business so long as it continues in the hands of private enterprise. Ordinary banking business, however, is to be restricted by Section 1 of the Bill to joint stock and mutual companies, thereby excluding private bankers. Section 4 makes the establishment of new banks subject to a concession to be granted by the Minister of Commerce, but in case of a refusal, on the assumption that the proposed bank would be prejudicial to public welfare, the reasons for such refusal must be stated. With regard to current engagements, the Bill stipulates that these must not be disproportionate to the resources of the bank or of the client concerned. It prohibits bank holdings in the bank's own shares, limits borrowing to 5 per cent. of the bank's capital, forbids the holding of or borrowing on more than 20 per cent. of the capital of any company, subjects the annual dividend distribution to the approval of the official inspector, fixes at not less than 20 per cent. of the bank's engagements the cash holdings plus the amount of readily negotiable unmortgaged securities, and provides for the establishment of a fund on behalf of banks in difficulties to which every bank will contribute ½ per thousand per annum of the sum total of its obligations.

Railway Administration.—About a year ago the Government appointed a Commission to draft proposals for simplifying the administration of the State railways. The report which it has now produced advises the placing of this State utility undertaking on the same footing as a limited liability company, but with the State as sole shareholder. To that end it recommends that the Administration should have conferred on them competitive powers similar to those enjoyed by private enterprise. The Railway Board, therefore, should have power to fix passenger fares and freight rates, which have hitherto been left to the discretion of the Rigsdag. Parliament, however, should still retain the power of fixing the maximum limit. This reform will, at any rate, enable the railways to reduce fares on stretches of line with which the automobile routes compete, and also to enter into special carrying agreements with individuals, firms and companies where it is a question of acquiring or retaining important transport business. This involves a complete break with the former rigidity of administration, and will lead to more intimate contact between the railways and their chief customers in trade and industry. Other proposals point to increased writing off of capital and to fixed interest on capital, but these more particularly concern State finances.

FINANCE

The Budget for 1925-26.—Owing to the introduction of entirely new methods of accountancy, it is impossible to compare the Budget for 1925–26 with those for previous years. The revenue is estimated at Kr.368,600,000 and the expenditure at Kr.360,800,000, leaving a surplus of Kr.7,800,000, which is almost exactly counterbalanced by the deficit on the capital account. The Minister of Finance, however, anticipates that the estimates of expenditure will be exceeded by Kr.28 mill., so that the financial year will close with a deficit unless measures are taken to obviate it, among which may be included increased taxation amounting to Kr.100 mill. Any such proposals are certain to be strongly resisted by the Opposition. The State railways, which have hitherto yielded a surplus, are now made to show a deficit of Kr.26 mill., as the result of including interest and amortisation charges in the account, contrary to the practice that has hitherto prevailed. What effect the Disarmament Bill introduced by the Minister of Defence will have on the Government's financial expectations must depend on the fate reserved for it by the Folketing. Should it, by any chance, receive the approval of Parliament, the abolition of the Army and Navy, of the Ministries of War and Marine, and of military service will result in an immense saving of expenditure, the estimates for the Army and Navy included in the 1925–26 Budget aggregating Kr.65,600,000. The National Debt, which in March last stood at Kr.1,216,000,000, will, it is estimated, have fallen to Kr.1,182,000,000 by March next year.

TRADE

Foreign Trade Returns for August.—The foreign trade returns for August show an adverse balance of Kr.11 mill., the imports amounting to Kr.200 mill. and the exports to Kr.189 mill. As compared with previous months the result on the whole is satisfactory, as will appear from the following tabular statement :—

	Imports.	Exports.	Adverse trade balance.
January ...	Kr.166.9	Kr.146.6	Kr.20.3
February ...	169.0	167.0	2.0
March	195.0	172.0	23.0
April	201.0	180.0	21.0
May	219.0	186.0	33.0
June	199.0	147.0	52.0
July	177.0	177.0	0.0
August	200.0	189.0	11.0

As compared with August 1923, the adverse trade balance shows a reduction of Kr.19 mill. The imports for August this year are Kr.9 mill. above the average for the first eight months, while exports exceed the average by Kr.18 mill., the adverse trade balance being Kr.9 mill. below the average.

The prospects of further improvements with the coming into operation of the Dawes Plan are good, as the altered conditions are likely to prove of vital interest to Danish agriculture. As the *Baltic-Scandinavian Trade Review* points out, there have been serious difficulties to

trade with Germany arising from her reduced purchasing power, which the revival of industry under more stable conditions are calculated to allay. As it is, about one-fourth of the total output of Danish butter goes south, though not all to Germany, as Czechoslovakia and Switzerland are both good customers; nevertheless Germany takes the bulk of it, and at times even the Danish article dominates the Berlin butter market. In 1923 the exports to this country amounted only to 1,500 tons, whereas now the like quantity is taken in the course of three weeks. Denmark also had a very brisk export trade in horses in the past with Germany, but since 1920 the Reich Government has prohibited the importation, although this embargo has occasionally been relaxed in the case of Denmark. With the return of more stable conditions, however, it is expected that the prohibition will be repealed. Neither is the trade in cattle with Germany as good as before the war, the exports now amounting only to 1,000 head a week as against 3,000 in 1913. On the other hand, there has been a substantial increase in the export of live pigs and slaughterhouse offal, and there is promise of a further improvement in this respect.

With regard to trade with Russia, the Soviet Trade Delegation, which has now been established in Copenhagen for nearly a year, has succeeded in restoring most of the commercial relations that existed between the two countries before the Revolution, and Denmark now ranks third among importing countries of Russian grain and first among those of oilcake. During the past year a total of 18,000,000 poods of forage grain products was sold to Denmark. During the same period the Delegation chartered fifty Danish ships and purchased Danish goods to the value of 3,000,000 gold roubles. The chief articles of export to Russia consisted of dairy and oil-pressing plant and spare parts for cold storage and cement works machinery. Important trading operations were also effected independently of the Trade Delegation, especially in connection with imports of Siberian butter and exports of Danish tractors. The *Scandinavian Weekly*, however, insists that business with Soviet Russia is not, as far as Denmark is concerned, in exactly what one would call a flourishing state. There is, it says, rather too much one-sidedness about it to be of any permanent advantage to Danish economics. The manager of the Danish Government's Information Bureau stated the other day that in 1923 Denmark imported from Russia about 69,000 tons of sunflower-cake, 27,000 tons of linseed-cake and 23,000 tons of rye, the total import value from that country being Kr.29,000,000. This was not all, however, for a large quantity of the goods imported from Germany of the same nature must have been re-exports from Russia, and a modest estimate of the import value from Russia, directly and indirectly, places the figure at about Kr.75,000,000. Compared with this comparatively huge sum, Denmark's exports to Russia cut a ridiculous figure. All our exports to Russia in 1923 did not amount to more than Kr.700,000, comprising for the most part casks (Kr.159,000), electrical machinery (Kr.229,000), and telegraph apparatus (Kr.173,000). The present year will presumably be equally unflattering from a Danish point of view. By direct route the Danish imports from Russia during the first four months of the year were Kr.19,000,000, and on this basis the total of direct and indirect imports will be about Kr.100,000,000, whereas the exports will probably amount to Kr.750,000; and even this figure is further reduced by the fact that most of the telegraph apparatus has been sent to the Russian offices of the Great Northern Telegraph Company, a Danish concern. The whole question of our exports to Russia is dependent upon how long credit we are prepared to give Russia, and as none of our manufacturers or exporters seem to be particularly anxious to be very generous in this respect, no especial extension of our exports will apparently be seen yet awhile.

The Foreign Trade of Iceland.—The import trade of Iceland in 1923 amounted to Kr.45 mill. as against Kr.62.6 mill. in 1919, Kr.26.3 mill in 1915 and Kr.16.7 mill. in 1913; exports, on the other hand, reached a total of Kr.55.7 mill. as against Kr.75 mill. in 1919, Kr.39.6 mill. in 1915 and Kr.19.1 mill. in 1913. The favourable trade balance, therefore, was Kr.10.7 mill. as against Kr.13.6 mill. in 1919, Kr.13.3 mill. in 1915 and Kr.2.4 mill. in 1913.

In a recent speech in the Danish Parliament M. Halfdan Hendriksen drew attention to the serious decline in Denmark's trade with Iceland. He pointed out that, although Denmark supplied about one-third of Iceland's consumption of commodities and Danish merchants controlled a large part of the trade which went via Leith and Bergen to Denmark and other countries, while at least one-half of Iceland's exports of wool, mutton and sheepskins passed through Danish hands, Denmark's share in Iceland's principal article of export, codfish, was not so big as it used to be. Whereas fifteen or twenty years ago the greater part of this export trade was carried on through Copenhagen, the position now was that the business done by Danish firms was no more than about twenty to twenty-five per cent. of the whole. There were several reasons for this, one being that the number of Icelandic trading establishments in Danish hands had during the past twenty years steadily declined. The number of Danish merchants who had establishments in Iceland—the so-called "Iceland merchants"—was considerable even as recently as at the beginning of the present century, there being at least sixty or seventy spread over Iceland: now there were at the most thirty, although the number of transactions with Iceland during these years had increased considerably. Gradually as Iceland grew in strength financially and as the Icelanders themselves became imbued with the desire to do business on their own account, and not as formerly as managers for the "Iceland merchants," the latter either sold their businesses to the Icelanders or they were simply driven out by competition. Of the thirty he named, five or six would probably close down by the end of the year, and it was to be expected that the others would gradually pass into the hands of the Icelanders. Another reason was the fact that, with the introduction of trawl-fishing, the quantities of codfish for export had grown so enormously that the various producers had been enabled to act individually instead of letting their small parcels go through the hands of the exporters. The result has been that the Icelanders have seen their advantage in selling direct to the consumers in the Mediterranean countries. Still, although the percentage of business done by Danish houses had declined to twenty or twenty-five per cent., the quantity had not diminished, as the production in Iceland had grown so considerably. In M. Hendriksen's opinion the best means of retaining the Danish business with Iceland was to improve the steamer connections between the two countries. Before the war there were six or eight steamers in regular service on this line apart from the export steamers, whereas now there were only four or five. These are, no doubt, bigger vessels with better passenger accommodation, but the service is not as frequent as it used to be. At present the voyage to Iceland from Copenhagen via Leith takes from seven to eight days, even under favourable circumstances, whereas with modern passenger steamers it could easily be done in four direct from Copenhagen to Reykjavik. (*Scandinavian Shipping Gazette.*)

INDUSTRY

Industrial Conditions in 1923.—According to a Report published by the Government Statistical Department, practically all the industries surveyed had a larger output in 1923 than in the preceding year, the increase in certain trades amounting to as much as 50 per cent. This applies to such important interests as the tanning, boot-making and lime industries, and to a less extent to tile works and oil mills. The iron industry also showed greater activity: in 1923 it employed 22,000 hands as against 20,000 in 1922, though in March and April of this

year the number fell as low as 8,000 or thereabouts. The textile industry, again, compared favourably with 1922 in respect of the weaving mills, but the cotton-spinning and tricot goods mills did not increase their output appreciably. The men's ready-made clothes and haberdashery factories, on the other hand, showed a not inconsiderable advance, while the pig-butchering trade had a remarkably busy year. Among other industries which increased their output by over 10 per cent. are the trade flour mills, sugar factories, margarine works, tobacco factories, glassworks, paper mills, and soap and soda factories. The chocolate and sweets industry did not make any headway, although the monthly labour statistics credit it with increased employment throughout the year. Breweries, mineral-water works and coffee substitute factories showed a slightly larger output, but the potato-flour factories still continue to show the steady decline which set in after the boom years of the war.

Proposed Establishment of a Cellulose Industry.—During the last two decades of the nineteenth century, says the *Baltic-Scandinavian Trade Review*, a serious effort was made to reconstitute the forests of the country, which had been depleted by centuries of indiscriminate felling until Denmark had become the worst wooded country in Europe. Barren expanses of heath in Jutland were planted with evergreens, and there are now extensive plantations of full-grown trees. Unfavourable conditions of climate and soil have resulted in producing crooked and knotted trees, whereas the utility timber industries require high and straight trunks; the trees, therefore, have hitherto been used exclusively for fuel. Efforts are now being directed to the establishment of a cellulose industry with the help of the raw material available on these plantations, and negotiations are in progress between the leading men in the paper industry and the most prominent supporters of the plantation movement, while scientific research has been undertaken and all the necessary measurements are being made. The existing plantations, however, are not sufficiently extensive to supply all the raw material that would be required, so that the scheme would not extinguish the importation of cellulose, which it is estimated might be reduced on an average by about Kr.5 mill. per annum. The plans, at any rate, are sufficiently advanced to justify enquiries as to a suitable site for a factory.

AGRICULTURE

Area under Cultivation in 1923.—The *Danish Foreign Office Journal* publishes the Statistical Department's annual report showing the extent of land devoted to agriculture in 1923 and the nature of the crops cultivated. As compared with 1922, the return points on the whole to more intensive cultivation. The acreage under cereals, root crops, seed and lucerne has all increased considerably, while fallow and pasture have decreased. This is clearly shown in the following tabular statement (in hectares):—

	1923.	1922.	Difference.
Cereals	1,269,000	1,251,000	+ 18,000
Root crops	463,000	443,000	+ 20,000
Seed, etc.	28,000	26,000	+ 2,000
Green fodder, etc. ...	862,000	890,000	— 28,000
Fallow	106,000	118,000	— 12,000
Total	2,728,000	2,728,000	—

The actual harvest acreage thus shows an increase of about 40,000 hectares, that under cereals exhibiting an increase of 1.5 per cent. as shown in the following table:

	1923.	1922.	Difference per cent.
Wheat	82,793	96,042	— 13.8
Rye	232,127	221,285	+ 4.9
Two-row barley ...	247,782	243,242	+ 1.9
Six-row barley ...	31,069	26,562	+ 17.0
White or yellow oats	356,616	369,589	— 3.5
Other oats	96,013	83,057	+ 15.6
Mixed grain	206,636	188,145	+ 9.8
Unmixed pulse ...	12,694	19,033	— 33.3
Buckwheat	3,067	3,624	— 15.4
Total	1,268,797	1,250,579	+ 1.5

With regard to root crops, potatoes show a decrease in acreage of 0.2 per cent. and mangolds one of 26.3 per cent.; swedes, on the other hand, show an increase of 24.3 per cent., turnips and other fodder roots one of 12 per cent.; carrots are down to the extent of 21.4 per cent., while sugar beet is 30.6 per cent. up and root chicory 2.7 per cent., the total acreage under root crops showing an increase of 4.6 per cent.

Under the heading "Seed, etc." the return credits seed with an increase of 9.1 per cent., field vegetables a decrease of 6.7 per cent., spurrey-oil plants an increase of 17.2 per cent. and flax and hemp one of 7.6 per cent., or a net increase on the whole of 7.6 per cent.

Under "Green fodder, etc." we have green fodder with a decrease of 10.4 per cent., lucerne with an increase of 27.1 per cent., clover and grass land for mowing one of 18 per cent., clover and grass land for grazing a decrease of 8.4 per cent., and perennial grass a decrease of 18.3 per cent., or a net decrease on the whole of 3.2 per cent.

In the case of fallow there is a decrease of 10.1 per cent.

Live Stock Census.—The live stock census taken during the summer returns the number of cattle at 2,700,000 head, pigs 2,862,000, horses 548,000 and hens 20,300,000. There is a slight decrease as compared with previous years, but the number of cattle is almost up to pre-war figures. The stock of pigs and hens, however, is greater than in 1914. The August trade returns show an increase in the value of exports, the exports of live stock, bacon and meat, and butter, cheese and eggs amounting to Kr.134.4 mill. as compared with Kr.131.4 mill. in July. For the first eight months of the year these exports aggregated Kr.975 mill. as compared with Kr.772 mill. in the corresponding month of 1923.

FRANCE

POLITICAL AND GENERAL

The Meeting of Parliament.—The Chamber resumed its labours on November 4 in an extraordinary session, but *Le Temps* doubts whether the two remaining months will be found sufficient to dispose of the work that has to be dealt with before the close of the year. The principal business consists of the Budget. The Cartel of the parties of the Left are anxious to discuss and pass this measure as quickly as possible, so that it may be sent to the Senate with plenty of time to secure agreement between the two branches of the Legislature before January 1, the date at which it should come into operation. The Finance Committee, to facilitate matters, suggests that the Chamber should at once proceed to the discussion of expenditure, and postpone the general debate on the financial situation until such time as it will be in a position to discuss the revenue and the new financial proposals of the Government. The Cartel, on the other hand, proposes that the Senate deal with expenditure while the Chamber considers revenue, an arrangement which would necessitate two Bills instead of one, a suggestion which *Le Temps* thinks is certain to be adopted. Even so, if the Budget is to be passed before the end of the year, the Chamber will have to curtail its discussion of the expenditure; but though the various groups composing the majority may come to an agreement to limit the number of their respective speakers and the length of their speeches, it will be impossible to avoid discussion of various important economic and political questions, such as the abolition of the Vatican Embassy and the renewal of diplomatic relations with Soviet Russia, the shortage and price of wheat and flour, supply and the high cost of living, the question of the Religious Congregations, military service and the re-organisation of the army, naval policy, and the increase of the salaries of the Civil Service. The Budget Bill alone consists of 319 clauses, which are certain to give rise to numerous motions and amendments not only from the Opposition, but on the part also of the more extreme sections of the Left who hold that the Government proposals are not sufficiently far-reaching. In addition

notice has been given during the recess of no less than twenty-three interpellations, and others are coming in. Moreover, the Chamber will have to deal before the 31st of December with the provisional commercial agreements and the commercial treaties that are being negotiated, one of which at any rate, the Franco-German one, must be signed and ratified before the 10th of January, at which date the economic régime of Alsace and of Lorraine with regard to Germany expires. It will also have to consider the Geneva Protocol, which was only signed by the French delegates subject to reference to the Chamber. Finally, there is the question of the amnesty, from which the Senate is expected to exclude the dismissed railwaymen, the educational question in Alsace and Lorraine, and the proposed new electoral Bill. Obviously the time is all too short for a heavy programme of work such as this.

TRADE

Franco-Belgian Commercial Agreement.—After lengthy negotiations between the French and Belgian Governments a commercial agreement has definitely been signed on October 24. It will be remembered that the Convention concluded between the two countries in May 1923 and ratified by the French Parliament was rejected by the Belgian Chamber in February last. On the other hand, the new Belgian Customs tariff, which imposed prohibitive duties on some of the principal exports of France, was to come into force on November 1. In the absence of any substitute agreement the situation, in the opinion of *Le Temps*, would certainly have led to retaliation and to the outbreak of a regular tariff war. Even a partial rupture of economic relations, says our contemporary, would have been regrettable because of the friendship and alliance existing between the two countries, and also because of the importance of their trade relations both as importers and as exporters. Thus, in the first nine months of this year we exported to the Belgian–Luxemburg Union goods to the value of Fr.5,278 mill., or 20 per cent. of our total export trade. This is sufficient to show the serious injury that might have resulted for our commercial activities, to the point even of affecting the value of the French franc. The *Journée Industrielle* supplies a list of the principal concessions obtained under the agreement. Under the new Belgian tariff still wines of an alcoholic strength under 12 degrees were to pay a duty of Fr.360 per hectolitre in bottle and Fr.100 in cask, sparkling wines Fr.480 per hectolitre, and brandy Fr.30 per bottle: still wines now will pay only Fr.260 per hectolitre in bottle and only Fr.62 in cask. Automobiles, which would have been subject to a duty of Fr.160 multiplied by a coefficient of 4 for every 100 kilogrammes, have had the coefficient reduced to 3.6 for cars up to 1,800 kg. and to 2.8 for trucks. Perfumery will now pay 22 or 20 per cent. ad valorem according as it contains alcohol or not, instead of 25 per cent. The duty on dressed skins is reduced from 25 to 22 per cent. The coefficient for raw pig iron, iron castings, and raw and semi-manufactured steel has been reduced from 3 to 2½ per cent. French pharmaceutical specialities will pay 15 instead of 20 per cent. With regard to fashion trade journals, catalogues and posters, which would have had to pay a duty of from Fr.50 to Fr.100 per 100 kg., multiplied by a coefficient of 4, have had the coefficient abolished. More or less important reductions have also been obtained in respect of certain kinds of tools, shears, safety razors, Jacquard frames, tricot and hose looms, ball bearings, olive oil, varnished or lacquered jars, silk-edged bed-clothing, corsets, rubber bandages, tyres, various kinds of paper, etc. Fortunately this *modus vivendi* does not require to be submitted to the Belgian Parliament, as an Act passed on June 24 last empowers the Government to reduce the duties in question temporarily on their own authority. The new agreement comes into operation on November 10.

Franco-Polish Commercial Agreement.—The new commercial agreement that has been concluded with Poland, says *Le Temps*, which marks the completion of the previous agreement entered into in 1922, effects a decided improvement in the commercial relations between the two countries. Purely French goods which hitherto were not allowed to be imported into Poland or were subject to prohibitive duties will now receive far more favourable treatment. For instance, wines, still or sparkling, in bottle or in cask, have had the duty reduced from 90 to 50 per cent. The French wine trade is specially favoured under the new convention, but similar advantages have been secured for liqueurs, silk goods, automobiles, and for a variety of goods which France formerly exported to Russia and to Polish territory in Germany and Austria. On the other hand the wishes of the leading Polish industries have been met by the French Government, with the assurance besides that the German and Austrian provinces now incorporated under the Warsaw Government will never receive worse treatment than they would have received had they continued under German or Austrian domination.

Imports of Coal and Coke in September.—According to the *Nord Industriel* the imports of coal during the month of September amounted in round figures to 2,083,500 tons as against 1,863,000 tons in August, an increase of about 220,000 tons. Imports from the United Kingdom rose from 819,000 tons in August to 1,027,000 in September, an increase of 208,000 tons. Germany supplied 427,000 tons as against 288,000 tons, the Sarre Territory 428,000 tons as against 532,000 tons, Belgium 144,000 tons, approximately the same figure as in the previous month, the United States 40,000 tons as against 2 tons, and Holland 18,000 tons as against 71,000 tons. Imports of coke during September amounted to 418,000 tons as against 364,000 tons. Germany furnished 368,000 tons as against 306,500 tons, Belgium 25,000 tons as against 31,000, and Holland 21,000 as against 23,000. No coke is mentioned as having been imported from the United Kingdom.

INDUSTRY

Reparation Supplies of Coke from Germany.—According to *L'Usine*, the Office de Répartition des Cokes Allemands (ORCA) received 204,846 tons from the 1st to the 22nd of October. Further, it is announced that the price of metallurgical coke has been reduced as from October 1, and that it has been fixed at Fr.138.25 with the addition of 50 centimes for the ORCA and Fr.5 for the Fonds d'Assurance Mutuelle (F.A.M.). The new price is, consequently, Fr.143.75 per ton as against Fr.150.75. The price of coke smalls has not yet been fixed, but it will probably be Fr.93.50 on truck at Sierck and Fr.73 on barge at Ghent. In the opinion of *L'Usine* the reduction is quite inadequate in view of the present situation of the French metallurgical industry and the severe competition in the world markets. It points out that in the third quarter of 1914 the price of coke was Fr.23.50. In relation to that figure the new price gives a coefficient of 6, whereas the price of pig iron, which in 1914 was about Fr.70, is now only Fr.290, the coefficient being consequently a little more than 4. It appears from this comparison that the situation of pig iron producers is far from brilliant. Further, the announced intention of the French Government to apply the tax on business turnover to exports would counteract the slight advantage given to French metallurgists by the reduction in the price of coke, since the reduction in the cost price of pig iron would amount to Fr.8.50 per ton, whereas the turnover tax on exports would amount to 1.30 per cent. of the selling price, including transport charges, or about Fr.4.

Mineral Production in Indo-China.—The returns of the mineral output in Indo-China in 1923 show a considerable increase as compared with the previous year,

as will appear from the following tabular statement (in tons):—

	1923.	1922.
Coal	1,056,921	989,813
Calamine	29,345	20,579
Blende	1,155	357
Galena	28	155
Cassiterite	474	525
Wolfram	28	30
Mixed ore	175	153
Tin ore	301	250
Lime	9,847	7,600
Iron oxide	85	200
Phailin sapphires ...	4,888	4,719

This is the first time that the coal output has exceeded a million tons. The richest coal beds are those of Hongay, which yielded 798,000 tons. The zinc mines were approximately up to normal, while the tin and tungsten mines show a slight falling off. The total mineral output for the year is valued at Fr.81,000,000 as against Fr.55,000,000 in 1922. (*Journée Industrielle.*)

GERMANY

FINANCE

Revenue Returns for September.—The revenue of the Reich from taxes and Customs in September totalled Mk.609.20 mill., as compared with Mk.592.03 mill. in August and Mk.583.14 mill. in July. The increase of revenue is due in the main to additional revenue from income tax from wage deductions; from this source Mk.113.46 mill. was collected, as against Mk.107.04 mill. in August. It is also due to the Mk.144.96 mill. resulting from the tax on business turnovers (Mk.139.26 mill. in August). The tax on the transfer of securities also brought in about Mk.3 mill. more in the month under review, and revenue from the bill stamp duty increased from Mk.5.06 mill. to Mk.5.53 mill. All these facts are signs of greater activity in industry and of better business generally.

The detailed results were as follows, in million gold marks:—*Property and traffic taxes:* Recurring taxes, 480.39 mill.; in which figure income tax from wage deductions totalled 113.46 mill., other income tax 55.98 mill., corporation profits tax 25.37 mill., tax on capital 28.31 mill., general turnover tax 144.96 mill., increased turnover tax 8.77 mill., tax on the transfer of capital 16.19 mill., bill stamp duty 5.53 mill. Non-recurring taxes, 4.15 mill.; in which figure the Rhine-Ruhr levy accounted for 3.91 mill., the employers' levy for 0.39 mill. and the tax on debentures for 1.52 mill. The total revenue from property and traffic taxes was 484.55 mill. gold marks. *Customs and consumption dues:* 124.18 mill.; in which Customs totalled 23.70 mill., the tobacco tax 44.29 mill., the beer tax 18.87 mill., the wine tax 6.92 mill., the spirit monopoly 11.32 mill., and the sugar tax 19.20 mill. The decreased revenue from the sugar tax is noteworthy, since it brought in 25.9 mill. gold marks in August, a rise from 13.5 mill. in July. This phenomenon is due to particularly large consignments of sugar in July and August. Now that the old campaign is approaching an end, consignments are naturally smaller. (*Deutsche Allgemeine Zeitung.*)

State of the Post Office Finances.—A Reichstag resolution in July requested the Government to examine the state of revenue and expenditure of the Department of Posts since Feb. 1, 1924, and to present a memorial on the utilisation of profits. This memorial has now been presented to the Reichstag by the Minister for Posts. It shows that revenue in February totalled 117 mill., expenditure 78.9 mill. gold marks, viz. a surplus of 38.1 mill. In March there was a deficit of 124.8 mill. In April, the beginning of the financial year, the surplus amounted to 13.7 mill., in May to 19.3 mill., in June to 3.5 mill., in July to 4.8 mill., in August to 8.5 mill. Since the beginning of the financial year 1924–25, then, a surplus of 49.8 mill. gold marks has been registered. (*Frankfurter Zeitung.*)

TRADE

Foreign Trade in September.—As the Customs offices in the occupied areas were not yet taken over by Germans in September, the figures of foreign trade values must again be accepted with reservations.

Imports.

(According to present values in 1,000 gold marks.)

	Sept.	Aug.
Livestock	7,934	4,945
Food and beverages ...	206,684	152,426
Raw materials	223,901	148,317
Semi-manufactures ...	58,537	42,371
Finished products	121,436	89,142
Gold and silver	4,930	11,023
Total	623,422	448,224

Exports.

	Sept.	Aug.
Livestock	1,550	1,957
Food and beverages ...	34,543	50,398
Raw materials	40,607	43,835
Semi-manufactures ...	42,766	37,054
Finished products	442,822	454,687
Gold and silver	1,768	1,430
Total	564,056	589,361

In the three preceding months imports had sunk steadily; in September they suddenly rose considerably in value, while exports showed a slight decrease. The deficit amounts to 59.4 mill. gold marks. The increase in food imports is in part due to the late harvest in Germany and the necessity of importing foreign grain. Increased imports of textile raw materials to a value of about 11.4 mill. gold marks helped to send up the value of raw material imports, and hard coal imports increased by about 8.81 mill. gold marks on the August values. Textiles were also responsible for 20.1 mill. gold marks in the rise of 32.3 mill. in respect of finished products imported. In regard to exports, the increase in the quantity of barley exported is noteworthy, the 295,890 d.ctr. exported in September being far in excess of the average monthly export before the war. (5,090 d.ctr.). (*Berliner Börsen-Zeitung.*)

Increased Purchases of Danish Agricultural Produce.—The Danish trade statistics show that Germany is becoming of increasing importance on the Danish market and is purchasing continually augmenting quantities of Danish agricultural products, whereas exports of these products to England are in some instances considerably smaller.

During the first eight months of this year Denmark's total exports of bacon amounted to 131 mill. kg., of which 129 mill. kg. went to England, 750,000 kg. to Germany. In 1923, of a total of 110 mill. kg. only 79,000 kg. went to Germany. This year's butter exports totalled 84 mill. kg. (75 mill. in 1923), of which England took 60 mill. (63 mill.), Germany 16 mill. kg. (500,000). Germany is still the best customer for Danish butter and purchased this year 4.3 mill. kg. (2.1 mill. in 1923) out of a total export quantity of 5.2 mill. kg. (3.2 mill.). Of the 540 mill. Danish eggs exported in the first eight months of 1923 Germany bought 108 mill. (2.92 mill. in 1923). Denmark's cattle exports rose from 84,000 to 113,000 head, of which Germany took 37,000 head as against 43,000 last year. Of the 155,000 live pigs exported (78,000 in 1923), 40,000 (4,000) went to Germany, and of 10,800 horses exported (8,900 in 1923), 6,700 (4,400) went to Germany. (*Deutsche Allgemeine Zeitung.*)

INDUSTRY

Mining Results in September.—*Hard coal.* The coal output in the Ruhr area totalled 8.82 mill. t. in September, i.e., 10.47 per cent. more than in September 1922 and 6.35 per cent. less than in September 1913. The coke output totalled 1.72 mill. t., a decrease of

11.56 and 9.43 per cent. respectively on the 1922 and 1913 outputs. Briquette manufacture amounted to 0.26 mill. t. (—3.12 and —37.67 per cent.). The number of workers was 453,595, i.e., 14.57 per cent. less than in September 1922 but 14.07 per cent. more than in September 1913. The coal output figures show plainly the influence of the longer working day (increased from 7 to 8 hours in December 1923). The average daily output rose in comparison with that of September 1922 by over 32,000 t., although the number of workers was 77,000 less. As against September 1913, when the working day was 8½ hours, the daily output shows a decrease of about 23,000 t. In the Aix district the coal output totalled 0.25 mill. t., i.e., 29.51 per cent. more than in September 1922 and 12.16 less than in September 1913. The coke output totalled 0.07 mill. t. (+59.49 and —27.60 per cent.). Briquette production amounted to 9,189 t. (+30.06 and —2.61 per cent.). The number of workers increased by 18.43 per cent. as against 1922 and by 45.88 per cent. as against 1913 and was 20,696. In Western Upper Silesia the coal output totalled 1.05 mill. t., the coke output 0.09 mill. t. and briquette production 0.02 mill. t. These figures represent an increase of 43.4 per cent. and a decrease of 26.6 per cent. respectively as against the 1923 figures in regard to coal and coke; an increase of 13.2 per cent. and a decrease of 12.8 per cent. respectively as against the 1913 figures in regard to coal and coke. The number of workers was 46,200. As against an increase in workers by 33.5 per cent., there was an increase in output of only 13.2 per cent. In Lower Silesia the coal output totalled 0.45 mill. t., the coke output 0.07 mill. t. and briquette production 3,156 t. The critical state of affairs in this area for months past was accentuated in September. Pit stocks increased from 293,900 t. at the end of August to 298,000, although nearly all the mines had dropped shifts heavily. In Saxony the coal output totalled 0.36 mill. t. (+17 per cent. as against 1923, —14 per cent. as against 1913), the coke output 0.02 mill. t. (+42 and +45.8 per cent.) and briquette production 4,900 t. (+255 and +121 per cent.). The number of workers, 30,299, was 17 per cent. less than in 1923 but 21 per cent. more than in 1913.

Lignite. In Central Germany the rough output totalled in September 7.44 mill. t., briquette production 1.92 mill. t. and coke production 25,057 t. These figures represent, as compared with those in September 1923, decreases of 2.9 and 26.8 per cent. respectively in regard to coal and coke, and an increase of 0.6 per cent. in regard to briquettes. In the Rhineland the rough output totalled 3 mill. t., briquette production 0.71 mill. t. The coal output was thus 92.5 per cent. greater than in 1923 and 74.6 per cent. greater than in 1913; briquette production was 101.6 per cent. greater than in 1923 and 37.1 per cent. greater than in 1913. In the Bavarian coal areas 3,368 t. of hard coal, 91,189 t. of bituminous coal and 96,345 t. of lignite were produced in September.

Ore. The deplorable conditions in the Siegerland mines continue. Of the blast furnaces only a few are still in action, the high railway freight rates render impossible increased consignment of ironstone to Rhenish-Westphalia. The position is not likely to improve until concessions on the exceptional tariffs in this area are sanctioned. No change for the better was noticeable in the iron ore districts of the Lahn and Dill or of Oberhessen. Costs of production are continually rising, chiefly owing to heavy taxation, whereas the tendency of selling prices is to be depressed. (*Berliner Börsen-Zeitung.*)

The Output of Sugar.—Provisional results of the sugar output for the working year 1923–24 show a falling off in regard to the quantity of beet utilised as well as the sugar produced by 21 per cent. as compared with the final results of 1922–23. In 1923–24 the quantity of beet utilised was less by 19.7 mill. d.ctr., the quantity of sugar produced by 3.08 mill. d.ctr. The actual quantity of beet worked was 73.37 mill. d.ctr., the amount of raw sugar produced 11.47 mill. d.ctr.

The output of glucose remained about the same as in 1922–23, that of beet syrup fell off 47 per cent. Whereas in 1922–23 the amount of sugar beet worked was 2.3 mill. d.ctr., and the quantity of beet syrup produced was 454,665 d.ctr., in 1923–24 only 1.24 mill. d.ctr. of sugar beet was worked and only 239,962 d.ctr. of syrup produced. The reason for the decline is that beet syrup is no longer so much used for eating on bread.

The quantity of sugar for consumption purposes placed on the free market in August last was only 775 d.ctr. more than in July, in which it totalled 1.01 mill. d.ctr. As compared with August 1923 there was a falling off of 14 per cent. During the whole of the working year 1923–24 (Sept. 1 to Aug. 31) the amount of sugar for consumption purposes subjected to taxation was 3.96 mill. d.ctr., i.e., 33 per cent. less than in the previous year. (*Wirtschaft und Statistik.*)

RUSSIA

POLITICAL AND GENERAL

The Crop Failure.—The *Agence Economique et Financière* reproduces from official Soviet sources the main points regarding conditions within the Soviet Republic in August. In June and July care was taken to conceal the fact that the crop yields were a failure, in August it was already officially avowed, and although every effort is made in the August official reports to minimise the effects of this disastrous fact on the various branches of industry, they are already evident. Reliable figures of the crop yields are not yet available, but if the official reports confess that corn crops are well below the average in many instances, and frankly bad in some, they must be bad indeed. The price of cereals has naturally gone up with a jump. According to the prices registered in twenty-eight corn producing districts, rye was costing 49.2 copecks per pood on Aug. 1, 1923 and 100.5 copecks on Aug. 1, 1924. Similarly, wheat was costing 92.3 and 164.8 kopecks. This August, as a matter of fact, has witnessed a fall in price by 8 per cent. for rye and by 12.5 per cent. for wheat. The official report does not supply reasons for this fall, but it is well known that it is a direct result of the Soviet price policy. The Government, in order to buy corn cheaply, works for a fall by assiduously collecting the agricultural tax. This forces the impoverished peasants to sell their produce at no matter what price by reason of the absence of purchasers other than Government buyers, for the Soviet Government has taken stringent measures to eliminate all competition on the part of private traders. The price of cattle and meat is also stated to have dropped, no doubt because the peasants are only too anxious to rid themselves of live stock they can no longer afford to feed. Horse stocks are officially stated to have increased by 4.6 per cent. during the year, cattle stocks by 11.3 per cent., but these increases will not be a fact for long under present conditions.

Officially the corn crops are said to total 2,675 mill. poods. Even the Soviet Press recognises this figure as exaggerated; as it stands it would not cover the country's requirements, even were a much lower consumption average taken as the basis of calculations than

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last year. Last year's stocks are said to total about 74 mill. poods, and of this total at least 20 mill. poods will have to be used to compensate for the present deficit. Even accepting the optimistic estimate supplied officially it is evident that the export of corn cannot take place. Further, it must be recognised that in addition to the effects of famine on the population and on rural economy, the financial and economic position of the Union is seriously endangered by the bad corn crop. On the one hand a rise in prices will be reflected in increased wages and the State Budget, on the other the restriction on exports will necessitate a similar restriction on imports to the detriment of the home industrial situation. The problem of raising a foreign loan therefore assumes vital proportions and its solution becomes increasingly urgent.

TRADE

Important Dyestuffs Agreement.—An important agreement on the basis of consignment trade has recently been concluded between the "Igerussko," the Russian Commission of the Community of Interests of the German Dye Factories, and the "Russgertorg," the Russo-German Trading Company in Berlin. The Igerussko comprises all the chief German dye factories, such as the Agfa, the Badische Anilin, the Griesheim-Elektron, Bayer and so forth. By virtue of the agreement it may deliver at the consignment of the Russgertorg depots within the Soviet Republic at least 2 mill. kg. of aniline dyes per annum. It is intended to bring the depot stocks provisionally up to 250,000 kg. Should the turnover during the first two months exceed this quantity, the stocks will be increased, possibly to 500,000 kg. The agreement will run on indefinitely unless terminated by either party on three months' notice. (*Rigasche Rundschau.*)

INDUSTRY

Baku and Groznyi Oil Output.—The output of oil of the Baku State oilfields in August was 22.17 mill. poods. In addition private contract workers produced 502,000 poods. The corresponding figures for July were 22.5 mill. and 500,000 poods respectively. The decrease is due mainly to the decreased output of gusher oil.

The total output of the Baku oilfields during the eleven months, October 1923 to August 1924, was 237 mill. poods, viz. 37.8 mill. poods or 19 per cent. more than the output for the corresponding period of 1922–23.

In August a total of 14.4 mill. poods of crude oil was refined, as against 13.9 mill. poods in July. The yield of refined oil products in August was 4 mill. poods. Exports of oil products by sea from Baku rose from 15.9 mill. poods in July to 17 mill. poods in August. Thirty-eight new and 27 temporarily inactive wells were set in action, while the operation of 29 wells was suspended. The number of workers on Aug. 1 was the same as on July 1, viz. 51,428.

The Groznyi oil output in August totalled 10.86 mill. poods, or 18 per cent. less than that of July, which totalled 11.06 mill. poods. (*Russian Information, Agence Financière.*)

Abandonment of Oil Concessions.—According to a report in the *Rigasche Rundschau*, the last of the representatives of foreign companies interested in oil extraction in Baku has now set sail for America. This practically ends the endeavours of foreign companies to produce oil under the Soviet régime. The American Sinclair Company acquired the first concessions in this line, in the Sakhalin Islands, but the Japanese troops of occupation there never allowed the company even to survey the oilfields. The Russians insisted on the insertion in the agreement with the Sinclair Company of a clause whereby they could withdraw the concessions if *de jure* recognition of Russia by the United States had not occurred within five years. The Sinclair Company was practically obliged therefore to renounce its concessions. The second oil company to acquire concessions in Russia was the International Brandshall Corporation, in 1913; but this noted American oil company has also surrendered its concessions now, as it could not work under Soviet regulations. The third concession to exploit oilfields in Russia was granted to an Italo-Belgian company to work near Tiflis, but this company likewise found profitable working impossible. The main difficulty experienced by all these foreign companies was the observation of the regulation whereby the engagement and dismissal of workers had to take place through the agency of the local Commissariat for Labour.

Russian petroleum exports from the extraction of foreign companies totalled 47 mill. poods during the first six months of this year. Exports from this source only totalled 57.8 mill. poods for the whole of 1923. The far larger figure at which such exports will probably work out for the whole of 1924 is probably due to the introduction of much new machinery and apparatus at Baku and Groznyi.

SOCIAL AND LABOUR CONDITIONS

Prices and Wages—*Isvestija* reports a speech by Kamenev, Deputy-Chairman of the Council of Peoples Commissaries, before the chief committee of the League of Youth, on the present state of Russia, according to which the first task in Russia now is to promote industrial production. The failure of the crops is bound to affect adversely purchasing power among agricultural sections of the country, and in order to obviate a repetition of last year's sale crisis, industrial products must be rendered cheaper. The Commissariat for Imperial Trade has therefore already lowered the prices for various vital industrial products, and is about to reduce others. That this movement is but the continuation of a steady campaign throughout the last year is evident if certain prices obtaining on Oct. 1, 1923 be compared with those on Aug. 1 last. In the case of metal goods the percentage reduction was 14.7, of rubber goods 34.7, of chemical products 27.1, of textiles (average) 30.4, of leather goods 25.7, of fuel (including naphtha) 15.3, of timber products 30.7 and of food products 35.3. Within these eleven months the average price of all industrial products has fallen 25.7 per cent.

The chief raw materials remained fairly stationary in price throughout the economic year 1923–24; wages, on the other hand, have risen, and during the first half-year the costs of production in various industries have also risen. Sole leather, for instance, rose in price from about 44 roubles in October 1923 to about 50 roubles in February 1924. The cost price of a pair of galoshes was about 3 roubles at the former, and about 3.5 roubles at the latter date. It is evident that the wholesale prices for industrial products have been lowered in many instances at the cost of the net profits of the undertakings. It is not difficult, therefore, to imagine the difficulties which will result from the lowering of prices now being enforced. Matches are to be 25 per cent. cheaper, tobacco is to be 30 per cent. coal 20 per cent., naphtha 10 per cent., sole leather 16. per cent. cheaper. The idea is to force industries to produce more cheaply. The new price fixed for sole leather is R.39.30, whereas in March the large factories were charging R.48.20. Similar conditions apply to other industrial products.

The great danger underlying this compulsory reduction of prices is that the quality of the goods produced may suffer. But at all events greater attention will probably be turned to the vital question of a better utilisation of man-power. The Central Committee of the Communist Party recently drew attention in a lengthy resolution to the growing gulf between the mounting wage and the laggard capacity of labur. In fourteen important industries wages rose between Oct. 1, 1922 and Jan. 1, 1924, by 90 per cent., buthe output capacity rose by barely 23.3 per cent. This

means that the work of a single worker has become more and more unproductive. If the wages of labour be compared with the salaries of brain workers, it will be seen that labour is comparatively speaking better off. In the metal industry, where wages have hitherto remained rather lower than in other industries, the monthly wage is to be raised to about 41.3 gold roubles. The average monthly salary of a professor is at present between 50 and 60 gold roubles, as against 250 before the war. Women teachers are getting from 30 to 35 gold roubles for full time work in the cities, and from 1 to 10 in the villages. A shop girl in a large trust earns to-day about double what a professor gets, and an engineer six or eight times as much.

According to the *Russian Information and Review*, the average monthly wages in May 1924 were as follows, expressed in percentage terms of the pre-war average: metal industry, 31.9 per cent.; railway, 41.8; mining, 52.1; textile, 85.5; chemical, 82.4; leather, 96.9; printing, 98.9; food, 116.9; paper, 103.5, and wood, 80.3 per cent. In Moscow and Leningrad wages averaged 98.0 and 81.6 per cent. respectively of the pre-war.

COMMUNICATIONS

The Chinese Eastern Railway Agreement.—On September 20 an agreement was signed at Mukden between the Soviet Government and Chang-Tso-Lin concerning the Chinese-Eastern Railway. On October 3 took place the first assembly of the Sino-Soviet administrative council of the railway, and the long-delayed question of the control of this important line of communication now enters a new stage.

Permission to construct the Chinese-Eastern Railway was granted by the Chinese Government in 1896, after the conclusion of an agreement between this Government and the Russo-Chinese (later the Russo-Asiatic) Bank. At the same time a contract was entered into between the Bank and the Russian Government whereby the former agreed to hand over its rights to the newly-founded "Chinese-Eastern Railway Company," which thus acquired sovereign rights within the concession area. As the Russian Government was behind the company, the former became the actual ruler of Manchuria. During the Russian Revolution the Russo-Asiatic Bank, with the approval of the Entente, claimed ownership over this railway. The Allies, who were then interfering in Siberian affairs to a great extent, took steps towards the internationalisation of the railway, an inter-allied technical committee was formed and the railway was practically placed under American control. This committee was ultimately dispersed by the advance of the Red Army, the whole question was taken up thoroughly at the Washington Conference, and among other things China was made liable for the property of the railway in the hands of the shareholders. The question of Soviet claims did not come up. After lengthy negotiations the Soviet Government and China came to an agreement on May 31, 1924, whereby the Chinese-Eastern Railway was in future to be administered by a council of ten, five members of which were to be nominated by the Chinese, five by the Soviet Government. The chairman was to be Chinese, the deputy-chairman Russian, and resolutions must bear their double signature. The statutes of the company were to be drawn up afresh within six months after the formation of the committee.

This agreement was not executed, as Chang-Tso-Lin refused to recognise the signature of the Pekin Government, whereupon Karakhan, Soviet Ambassador at Pekin, decided to negotiate direct with Chang-Tso-Lin, and the Mukden Agreement resulted, which is practically identical in content with the Pekin Agreement. Karakhan estimates the capital value of the railway at half a milliard gold roubles. The signing of the agreement is of great economic importance to Russia, since the Chinese-Eastern Railway shortens the distance between Vladivostock and Russia in Europe by about 500 versts. Politically the event is of importance too, as it will prevent the territory across which the railway runs from being a prey to the activities of the White Guards. Undoubtedly Soviet Russia has, by this bold stroke, greatly strengthened her position in Eastern Asia. (*Revaler Bote.*)

TURKEY

POLITICAL AND GENERAL

General Economic Situation; Effects of the Expulsion of the Greeks.—In the following resumé of the general economic situation in Turkey and Asia Minor, Gustav Herlt, writing in *Der Oesterreichische Volkswirt*, indicates the disastrous effects to Turkish industry and trade caused by the expulsion of the Greeks. The economic depression lying so heavily over South-east Europe and Asia Minor is, he writes, partly a reflex of the Central European crisis and partly caused by the unsatisfactory harvests and the general aftermath of the war. In Turkey these factors have been so jointly operative that, despite the well-conceived intentions of the Government, there has been scarcely any improvement whatever. Agriculture, which on account of the abundance of fertile soil could not only feed the entire population but also export large quantities of its products, is now producing so little that large supplies of provisions, especially wheat, have to be imported. The Government, it is admitted, buys agricultural machines to re-sell to the farmers at cost price; but the peasants have no knowledge of how to use them. The population, hitherto sparse enough, is still more so now that the Armenians have been eliminated and the Greeks expelled. The Turks from Greece, who have been substituted, have not yet really settled down in their new home and it will be years before they become actively productive. The cultivation of tobacco, cotton, silk and wine, which formed the wealth of Asia Minor and the chief sources for goods for exportation, has suffered most of all industries from the exchange of the population. Agriculture has, however, received some benefit from the recently arranged abolition of tithes, which is to take effect as from the beginning of the new financial year. On account of the scarcity of money in Asia Minor these tithes of agricultural produce became the recognised form of taxation. They would have been a just and lightly assessed tax if there had not been so many abuses in raising them. Now that they are being removed it is possible that the peasants will put forth

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extra endeavours, as they will to all appearances enjoy the full fruit of their labour. The loss to the Treasury through the abolition of this particular tax is to be made good by increasing the land tax and the duty on tobacco.

Trade in general lies stagnant. Considering the difficulties with which it has to contend and the diminished purchasing power of the population this is not at all surprising. Constantinople itself, once the chief commercial town of the Near East and the emporium of the Levant, declines more and more. The expulsion of so many Greeks has deprived its trade of its propelling force. Many businesses, including old-established European houses, have closed down and the docks are lifeless. The Angora Government made an effort to restore the city and sent a prefect whose elaborate plans proved ineffectual. He proposed re-building on modern lines the portion of the metropolis that had been burnt down; traffic and communications were to be restored to pre-war conditions and the port was to be enlarged. To obtain the requisite money for his projects he levied a municipal toll and secured credit for £T.300,000 from the municipal authorities. The civil service staff was considerably augmented, a large mill was taken on lease to provide cheap bread for the populace and the bread was baked in municipal bake-houses. The municipal undertakings proved disastrous, the loan was squandered, and the new toll ruined trade. The prefect was recalled and a second appointed in his place, Dr. Emin Bey, took the situation energetically in hand. He stopped the municipal concerns, declared all contracts for supplies as null and void, reduced the civil service, laid the traffic plans on the shelf and limited the reconstruction programme to the absolutely essential. He further altered the municipal toll so that the burden did not fall so heavily on the inhabitants and directed his efforts towards raising the money on sounder principles, through the medium of a loan. The docks, however, still remained inactive in spite of improvements carried out by the Government, though Dr. Emin Bey brought about some beneficial reform by putting into force the Government regulation, hitherto ignored, for the registration and organisation of stevedores and lightermen.

Although numerous reforms and relief measures have been applied Constantinople remains still the dearest port in the whole of the eastern part of the Mediterranean Sea, and ships avoid it as far as possible, preferring even to coal at the Piræus or at the island of Zea rather than at Constantinople. The lightermen are now demanding donkey-motors and as this demand is likely to be granted the work at the docks will become more reliable and will develop more quickly.

Industry in Turkey is also in no flourishing condition, although the Government are at pains to stimulate it. These efforts, it is feared, are probably doomed to failure in advance if the most industrious elements are driven out of the land. As with agriculture and trade the expulsion of the Greeks has resulted in disadvantages to industry as well. The Greeks of Western Asia Minor have taken their craft of carpet weaving with them into their new home where they are carrying it on so zealously and effectively that the export of carpets from Smyrna is already declining. Similarly the wholesale merchants expelled from Smyrna and Constantinople are naturally endeavouring to retain their old clientèle, with the result that a large amount of business, hitherto executed at Constantinople and Smyrna, is now transferred to Salonica and the Piræus. Such changes are bound to bring losses to the national economy of Turkey. Before the war, for example, the silk industry at Brussa was flourishing. Its present decline is eloquently shown by the following figures:—

	1914.	1923.
	In thousand kilogrammes.	
Cocoons	18,000	1,200
Silk	1,500	100
Combings	400	20
Silk worm eggs	1 mill. ozs.	—

The value of the pre-war output was £T.5½ to £T.6; to-day it is barely one-sixth of that amount. The devastation of the Brussa district by the Greek troops was admittedly one of the causes of the decline of the silk industry. A further cause is to be sought in the fallowness of the administration of the Ottoman State Debt, to which the revenue from the silk industry was mortgaged. Great efforts were made to improve the condition of the industry; a school was established, awards granted, a campaign conducted against the diseases of silk-worms and of mulberries, and trained inspectors were ever at the service of the growers to give advice and assistance. All that has now ceased; and a large portion of the silk-growing population has been driven away. The spinning mills belonged to the Greeks and the employees were Greek. The mills are now idle. In a similar way the reaction is felt by various other branches of industry, notably fishing, wine-growing, salt mining and tobacco growing, which, formerly stimulated, are now declining.

Whilst Dr. Emin Bey was abolishing municipal undertakings in Constantinople the Government adhered to its policy of nationalisation. The Anatolian Railway is to be nationalised, and following upon the alcohol monopoly comes the monopoly in matches, for which State factories are to be built.

FINANCE

Financial Crisis.—The financial crisis in Turkey, says the *Agence Economique et Financière* (Oct. 30), is becoming more acute, especially at Galata. Experts reckon that the actual circulation amounts only to £T.100 to 120 mill. for a population of 10,000,000. Business is extremely difficult, and it is even impossible to take goods out of the Custom house bonded warehouses. Banks are reducing their advances and raising their discount rates, while they worry their clients who are under obligations to them. In the circumstances traders, in order to obtain ready cash, are flooding the market with their home loan bonds, which, however, have never been properly classified. The Press charges the Minister for Finance, whose method, it alleges, favours speculation by allowing the initiated to have previous cognizance of the date at which the buying in of stock liable to redemption is to take place on the Exchange.

Banking News.—The Turkish newspapers express surprise that the Singer group, which had secured control of the Banque de la Seine, has sold this bank's branches in Turkey to the German Orient Bank, seeing that certain developments were already taking place.

The Banque Agricole is considering issuing a loan of 3 million Turkish pounds for the purpose of making advances to the refugees, secured on the real estate abandoned by the Greeks.

Djelal Bey, who resigned from the Ministry of National Economy in order to take up his new post as Chairman of the Banque d'Affaires, now in formation, has returned from a tour of the commercial centres without being successful in raising the necessary capital for the operations of the bank. The promoters are thinking of having recourse to the Caisse des Orphelins at Angora.

Representatives of a French group, of which the ex-Khedive of Egypt is said to be the chief financier, have been conducting negotiations at Angora with a view to obtaining important concessions for public works. (*Agence Economique et Financière.*)

Extension of Coal Mines.—According to a statement by the Minister for Trade foreign capital will be allowed to participate to the extent of 40 per cent. to 50 per cent. of the total capital in connection with the extension of the Eregli coal mines. If Turkish financial circles do not sufficiently co-operate in the erection of new plant, etc., a corresponding sum will be included in the State estimates. In any case foreign capitalists participating in this project can be assured that their privileges and advantages will be in every way safeguarded. (*Neue Freie Presse.*)

COMMUNICATIONS

Railway Extensions. — A financial group has approached the Turkish Government for a concession for constructing the 200 kilometre extension of the railway in Anatolia from Tus Coelü to Eregli. The application is being examined and meanwhile the plans have been passed by the Ministry of Public Works. Quotations for material are also invited for the Samsun–Tscheharschembe extension, as forty kilometres of this stretch must be completed as soon as possible. (*Mitteleuropaeische Wirtschaft, Neue Freie Presse.*)

The *Pester Lloyd* learns in a communication from Angora that the work upon the new railway line from Angora to Siwas has already been begun.

UNITED STATES

POLITICAL AND GENERAL

Presidential Election Campaign Funds Enquiry.—Preparations for an "exhaustive enquiry" into campaign contributions and expenditures, says the *New York Evening Post*, are being made by Senator Borah of Idaho, chairman of the Senate Committee on Campaign Expenditures. The investigation is necessitated by the charges of the independent Presidential candidate, Senator La Follette, that improper and unwarranted use of money has become a factor in the campaign in certain States, and Senator Borah has promised that "every line of enquiry will be followed, to the end that, so far as possible, the source of all campaign funds may be revealed." Chairmen of the national committees of the Republican and Democratic parties and the national director of the La Follette campaign have been requested to submit formal detailed reports for the examination of the committee. "The committee will examine every legitimate lead presented by spokesmen for any of the candidates and our enquiry will be exhaustive in every detail," says Senator Borah. "We shall ask each party organisation to report how much it has received, from whom, and how it has been spent. Our reports will not deal with lump totals, but with detailed contributions and expenditures. In the first instance our examination will be merely of the reports submitted in response to our requests, but if these reports suggest further enquiry of any items, we may request the accounting books of the campaign headquarters." By October 16 the Republican national campaign organisation acknowledges having received net contributions to the amount of $1,342,959, and its chairman has testified that it intends collecting an additional $1,300,000. The total contributions to the La Follette campaign up to October 10 were $190,535. The Democratic National campaign fund totals so far $548,440. Senator La Follette, however, is confident that the Republican fund can be proved to amount to $10,000,000 or $12,000,000.

French Credit in the United States.—American investors quite probably, says the *New York Evening Post*, will be given the opportunity of participating in a new French loan some time before the end of the year, and the state of French credit naturally is being interestedly discussed at this time. Probably no better indication of the faith Americans have in the French nation could have been given than the quick sale in recent weeks of all bonds carrying with them the guarantee of the French Government. Something like $50,000,000 of French railroad bonds have been sold here this fall on an investment basis ranging from 7½ to 7.60 per cent. That amount was divided into three issues, all of which were over-subscribed—namely, the Paris–Lyons–Mediterranean, the Paris–Orleans, and the Nord Railway. These bonds were largely bought on the strength of the French Government's guarantee. Bankers argue that if a French railroad bond with a Government guarantee can be sold on a 7½ per cent. basis a direct obligation of the Government should attract investors on a much lower basis.

France, continues our contemporary, is a proved credit in the markets of the world. Further assurance of the soundness of the country is to be found in her amazing new prosperity, which is reflected in record-breaking exports, which are higher than any of the pre-war figures. The rehabilitation of Germany through the Dawes Plan and the international loan is a "bull" argument on France, which is Germany's largest creditor. The facts and figures contained in a recent report on business conditions in France have surprised the world. In the first eight months of the year French exports have expanded to Fr.27,263,159,000, an increase of 42 per cent. over 1923. Some alarm already has been expressed in Britain over the capture of foreign markets by the French. France's best customer is Great Britain, and French goods are now being sold throughout the British Isles in sharp competition with American products. French automobiles and French typewriters are being sold in every town in England. It is estimated that French exports to Britain are three times as great as they were before the war. France is now third in shipping, with 2,065 ships of her own. In shipbuilding she is competing with British yards. Cotton goods made in France are competing with the Lancashire product to such an extent that recently a deputation of forty Lancashire manufacturers went to London to ask for Government assistance. The steel industry in France is going ahead by leaps and bounds. The output of steel from French factories last year was 5,109,000 tons. In the manufacture of coke France has beaten all pre-war records. In the last twelve months she has made 5,000,000 tons, which is about as much as she consumes. The French are showing business enterprise which is well up to American standards. Two new French department stores selling French goods only have been opened in Regent Street, London, and they are doing a good business.

There is no sign of depression in France, and there is no unemployment in the country. France has a population of 40,000,000 and 1,000,000 more workers than she had when the war started. A loss of 1,500,000 men in the war has been counterbalanced to a certain extent by the entry of 2,500,000 immigrants. Fully 15 per cent. of the population in Paris to-day are foreigners. The devastated regions of France have been largely restored, and there are only sixteen villages which have not been rebuilt. More than 80 per cent. of the factories have been rebuilt, and many of the buildings are much larger and equipped with the latest machinery. France has more looms than she had in 1914. More than 900,000 men are employed in the textile industry, and there is a dearth of labour.

FINANCE

Foreign Governmental Indebtedness to the United States.—The *Index* issued by the New York Trust Company publishes a statement showing the principal amount of obligations of foreign Governments held by the United States Treasury, interest accrued and unpaid thereon up to and including the last interest period prior to May 16, 1924, and principal and interest payments heretofore made. This is supplemented with a further statement showing additional payments up to October 8. It should be interesting to critics of our foreign debtors, remarks the *Index*, to note that, in addition to the funding of nearly 40 per cent. of the total debt, these Governments have already made payments to us of more than £300,000,000 of principal and over $850,000,000 on account of interest. While nobody expects much in future from Russia, and although the large indebtedness of France, Italy and Belgium presents real problems, the record does not show that our foreign debtors have been taking their obligations lightly. The three countries just named have together already paid us a total of more than $350,000,000 on account of principal and interest combined. The following is the statement referred to :—

Country.	Principal amount of obligations now held.	*Interest accrued as of the last interest paying dates.	Total indebtedness.	Payments on account of principal.	Payments on account of interest.
Armenia	$11,959,917.49	$2,602,276.88	$14,562,194.37	—	—
Austria	24,055,708.92	5,051,698.89	29,107,407.81	—	—
Belgium	377,029,570.06	86,113,873.12	463,143,443.18	$2,057,630.37	$17,149,677.71
Cuba	—	—	—	10,000,000.00	2,286,751.58
Czechoslovakia	91,879,671.03	21,337,410.96	113,217,081.99	—	304,178.09
Esthonia	13,999,145.60	3,139,561.59	17,138,707.19	—	—
Finland	8,955,000.00	—	8,955,000.00	45,000.00	579,315.27
France	3,340,520,704.23	723,382,223.29	4,063,902,927.52	64,298,240.78	201,019,245.57
Great Britain	4,577,000,000.00	—	4,577,000,000.00	225,181,641.56	495,896,657.11
Greece	15,000,000.00	1,875,000.00	16,875,000.00	—	1,159,153.34
Hungary	1,685,835.61	253,164.39	1,939,000.00	—	753.04
Italy	1,647,997,050.16	408,282,272.98	2,056,279,323.14	37,000.74	57,598,852.62
Latvia	5,132,287.14	1,028,498.40	6,160,785.54	—	126,266.19
Liberia	26,000.00	5,468.85	31,468.85	—	861.10
Lithuania	4,981,628.03	1,120,866.30	6,102,494.33	—	—
Nicaragua	165,590.28	—	165,590.28	10,000.00	1,351.66
Poland	155,930,343.97	3,958,814.61	159,889,158.58	—	1,811,948.20
Rumania...	36,128,494.94	8,573,741.47	44,702,236.41	1,794,180.48	263,313.74
Russia	192,601,297.37	54,116,807.49	246,718,104.86	—	7,904,768.79
Yugo-Slavia	51,037,886.39	11,825,217.27	62,863,103.66	720,600.16	636,059.14
Total	$10,556,086,131.22	$1,332,666,896.49	$11,888,753,027.71	$304,144,294.09	$786,739,153.15

*No interest due on Nicaraguan notes until maturity, as is also the case of certain Belgian obligations aggregating $2,284,151.40.

The supplementary statement of payments made by various countries between May 15 and October 8, 1924, shows that Belgium has paid $213,365.25 in interest, Finland $134,325 in interest, France $4,298.86 on account of principal and $10,019,359.56 in interest, Great Britain $68,655,000 in interest, Hungary $14,542.50 in interest, Italy $127,852.20 on account of principal, Lithuania $1,546.97 in interest, Nicaragua $25,000 on account of principal and $3,816.43 in interest and Russia $124.97 in interest, making a total of $157,151.06 on account of principal and $79,042,080.68 in interest.

AGRICULTURE

Latest Official Grain Report.—The report of the Department of Agriculture issued on Oct. 9 and based on the condition of the corn, wheat and oat crops on Oct. 1 estimates the yield in each case as follows:—

Corn, 2,459,000,000 bushels, as against a forecast on Sept. 1 of 2,513,000,000 bushels.

Wheat, 856,000,000 bushels, as against a forecast on Sept. 1 of 887,000,000 bushels. The amount comprises 589,000,000 bushels of winter wheat and 266,000,000 bushels of spring wheat, as compared with 589,000,000 and 247,000,000 bushels respectively in the earlier estimate.

Oats, 1,509,000,000 bushels, as against a forecast on Sept. 1 of 1,486,000,000.

In the case of corn the latest forecast estimates the condition at 65.3, as compared with 66.4 on Sept. 1, 1924, and 82.0 on Oct. 1, 1923. The yield per acre is 23.3 as against 23.4 and 29.3 respectively. The acreage this year is 105,604,000 acres and the yield per acre 65.3 bushels, as against 104,158,000 acres and 82.0 bushels in 1923. As regards spring wheat, the acreage is 18,786,000 acres and the yield per acre 15.7 bushels, as against 18,786,000 acres and 11.5 bushels in 1923; while for the total crop of winter and spring wheat the acreage is 58,818,000 acres and the yield per acre 15.9 bushels, as against 58,253,000 acres and 13.4 bushels in 1923. As for oats, the acreage is 41,625,000 acres and the yield per acre 36.3 bushels, as against 40,768,000 acres and 31.9 bushels in 1923.

The corn crop as estimated is the lowest since 1913, the highest for the last thirteen years being 3,230,532,000 in 1920. The spring wheat crop has only on four occasions exceeded this year's estimate, viz. in 1922, 1918, 1915 and 1913, the highest yield, 356,339,000 bushels, being credited to 1918. The total wheat crop estimate for this year was beaten in 1922, 1919, 1918, 1915 and 1914, the record crop for the last thirteen years having been harvested in 1915; this aggregated 1,025,801,000 bushels, gathered in from an acreage of only 60,469,000 acres as compared with 58,818,000 acres in the present year. The oats crop as estimated has been beaten on four occasions, viz. in 1920, 1918, 1917 and 1915, the highest yield amounting to 1,592,740,000 bushels in 1917.

FOREIGN BANK RATES.

	Per cent.		Per cent.		Per cent.
Amsterdam	5	Danzig	10	Prague	6
Athens	7½	Dublin	5	Reval	9
Belfast	5	Geneva	4	Riga	8
Belgrade ...	6	Helsingfors	9	Rome	5½
Berlin	90	Kovno	8½	Sofia	7
Brussels	5½	Lisbon	9	Stockholm ...	5½
Bucharest ...	6	Madrid ...	5	Vienna	15
Budapest ...	12½	Moscow ...	6	Warsaw	12
Christiania ...	7	New York...	3		
Copenhagen...	7	Paris	6		

SPECIAL ARTICLES

GERMANY AND THE FRENCH TEXTILE INDUSTRY.

The first stages of the Franco-German Commercial Treaty are traversed, apparently not unsatisfactorily to either side. Germany originally demanded from France most-favoured-nation treatment. It must have seemed extremely doubtful from the start that she would obtain this, for the French Customs régime does not permit of this treatment. On the other hand, France has declared her readiness to grant Germany minimum tariffs for certain articles. The question now to be decided, therefore, is which these articles are. Germany is prepared to grant most-favoured-nation treatment to France if the equivalents France offers really appear adequate. With the resumption of negotiations, then, Germany will probably present a list of those goods for which she does not require to claim a minimum tariff because they play so small a part in Germany's exports to France. Every article on the Customs list will be gone through and an examination made of whether the concessions to be granted by either side in respect of each article really balance. The ascertaining of equivalent values of this nature is of course a very delicate task for both countries.

Of great interest in this connection is an article in *Wirtschaftsdienst* from the pen of Dr. Walter Greiling entitled "Germany and the French Textile Industry," which contains the following: The unfavourable balance of Germany's foreign trade during the first half of 1924 was caused to the extent of two-thirds by her unfavourable foreign trade in textiles. During this period the import of textiles accounted for 39.4 per cent. of the total import trade, just double the proportion in 1913, when it comprised 18.7 per cent. of the total. The manner in which these imports were compounded was also more unfavourable than in 1913, for in that year textile imports were composed to the extent of 63 per cent. of raw materials, in 1924 the percentage was only 59. Further, whereas in 1913, 25 per cent. of the essential imports of textile raw materials and of certain special textile manufactures could not be covered by exports, in 1924 the uncovered imports amounted to 60 per cent. of the whole. In short,

Germany imported textiles during the first half of 1924 to a value of 1,767 mill. gold marks and exported textiles to a value of only 680 mill. gold marks. The corresponding figures for 1913 were Mk.1,122 mill. and Mk.845 mill.

These statistics are quoted from the official journal *Wirtschaft und Statistik*. The Statistical Bureau reckons also that the present textile imports, calculated according to the 1913 prices, would amount in value to only Mk.875 mill., the exports to Mk.425 mill., accounted for by an average rise in price for imported textiles of 200 per cent. as against 1913, and a rise for exported textiles of 163 per cent. These estimated values give the impression that it is not the excess of imports but the decline in exports which is the cause of the unfavourable trade balance. If, however, one examines the imports from the standpoint of their necessity, it will be seen that nearly one-half of the 577.27 mill. gold marks representing the value of imported finished textile products is in respect of articles which Germany can make just as well and cheaply, and the import of which was to a great extent forced on the country by the artificial rise in prices and the abnormal conditions in the occupied areas. The countries of origin of the imported finished textile goods makes this quite evident. Before the war there existed in the textile industry a quite natural distribution of labour with England whereby this country supplied the finer yarns to Germany and Germany the coarser ones to England. Therefore England took the first place as a supplier of finished textile products to Germany. This year, however, France took the first place, although no such natural distribution of labour exists between France and Germany and Germany is only dependent on France for certain specialities in cotton fabrics which her lost Alsace manufactures. Yet over one-third of Germany's imports of finished textile products came in 1924 from France, to a total value of 203.59 mill. gold marks; English deliveries amounted in value to 152.9 mill. gold marks. The French goods consisted of silk yarns and fabrics, woollen yarns and fabrics, cotton yarns and fabrics, clothing, underwear and other goods; imports from England were chiefly woollen and cotton yarns, and cotton fabrics.

By the re-acquisition of Alsace-Lorraine France has become a textile land of primary rank. In 1914 the French cotton industry boasted of 7.4 mill. spindles and 108,000 looms. Alsace brought to France more than 1,796,200 spindles and 45,258 looms. During the war, 950,000 spindles in the North of France were destroyed, in consequence of which the textile industry received reconstruction funds and thereby the means for considerable investments. According to the *Journée industrielle* there were in July 1924 about 10,830,000 spindles, about 182,000 mechanical looms and about 27,800 hand looms in action; the number of spindles destroyed during the war and not yet replaced was 237,000, the number of such mechanical looms was 6,200. Therefore the number of spindles in France is 25 per cent. greater than before the war, the number of mechanical looms is 18 per cent. greater. According to the same source of information the 1923 output of cotton fabrics was 11.2 mill. pieces of 100 metres each, that of cotton yarn was 22,000 metric tons; the cotton industry was employing about 200,000 workers. According to the Brussels *Bulletin commercial* the number of spindles in action in 1921 averaged 4.77 mill. a month, and in 1922, 5.7 mill. a month; in April 1923 it sank to 4.0 mill., but by the end of 1923 had risen to over 6 mill. When the *Journée industrielle* gives the number of spindles in action in July 1924 as 10.8 mill., it must be mentioning, on the strength of reports of full activity, the entire number of spindles in existence in France. The statistics published by the "Fédération international cotonnière" give the number of spindles in the French cotton industry in July 1923 as 9.6 mill. The number of spindles in the wool industry cannot be separately classed as so many of them are used for spinning both cotton and wool. The *Economiste français* of November 10, 1923, gives the number of spindles in the wool industry as 2,292,000, the number of mechanical looms in this industry as 56,800 and the number of combing machines as 1,757. The average output per spindle was, according to the *Bulletin commercial*, 3,221 kg. in December 1913 and 2,088 kg. in January 1923.

French foreign trade is built up on the products of the textile industry to a far greater extent than that of other countries, with the exception of England and Japan. German textile exports in 1913 formed only 15.5 per cent. and in the first half of 1924 24.1 per cent. of the total exports; in France these percentages were 31.9 and 40.0 respectively. Textile industry products actually form 50 per cent. of the French exports of finished products. In the first half of 1924 French exports amounted in value to Fr.21,282 mill., in which textiles figured to the value of Fr.8,691 mill.; exports of finished products totalled Fr.12,689 mill., in which textile manufactures figured to the value of Fr.6,864 mill. As compared with 1923 the export of cotton and woollen fabrics has risen by about one-half. In that year exports of woollen fabrics amounted to 25,452 t. (18,394 t. in 1913), of cotton fabrics to 44,697 t. (44,224 t. in 1913) and of silk fabrics to 8,146 t. (6,666 t. in 1913). During the first six months of 1924 the export of fabrics of all kinds was nearly as great as in the whole of 1923, viz. 76,332 t.

Although French deliveries of woollen goods to England trebled themselves between 1920 and 1923, Germany is the chief purchaser of French finished textile products. During the first half of 1924 Germany took, according to the German statistics, about two-fifths of the cotton fabric exports and about one-fifth of the exports of the wool industry; the French statistics certainly only give these proportions as one-third and one-sixth. According to the French statistics Germany took the most cotton fabrics, viz. to a value of Fr.351.5 mill. out of a total export in this branch to a value of Fr.1,358 mill.; of the woollen fabrics Germany purchased to a value of Fr.170 mill. out of a total export value of Fr.1,321 mill. The Fr.170 mill. in respect of woollen fabrics approximately agrees with the German import statistics, having regard to the uncontrolled imports from France which are given as 33·79 mill. gold marks. But the Fr.351.5 mill. of cotton fabrics in the French export statistics does not agree with the 111.89 mill. gold marks given in the German import statistics. With a franc depreciated to 25 per cent. of its gold value the French figure should be at least Fr.445 mill., or even more, having regard to the German imports which escaped the Customs. The reliability of trade statistics is naturally only of very relative value, quite apart from the difficulties in existence on the western frontiers of Germany. As an example, English statistics give England's imports of woollen fabrics from France in 1923 as £16.5 mill.; taking the average value of the pound sterling in that year as Fr.70, this sum represents almost the whole of the Fr.1.3 milliard stated by the French to represent their total export of woollen fabrics in that year.

Germany occupies a quite subsidiary position in the exports of the French ready-made clothing industry, which in 1924 amounted in value to Fr.1,752.4 mill.; England takes the first place here. Of the French silk fabric exports Germany took in 1924 a bare 5 per cent.; the United States purchased the most, then came England.

It is a striking fact that just in regard to those branches of the French textile industry in the exports of which Germany plays so small a part, there was scarcely any improvement in 1924. Allowing for the difference in value created by the depreciated value of the franc, exports of silk fabrics remained practically stationary and in the underwear and ready-made clothing industries a nominal rise of 50 per cent., corresponding to a real rise of 25 per cent., was registered.

On the other hand, the export of yarns and woollen fabrics, and of cotton fabrics in particular, showed a nominal increase of between 70 and 75 per cent., the greatest increase recorded in regard to any exported goods. There is no doubt then that the transition of the French balance of foreign trade from an unfavourable to a favourable state is due to the above noted increase in certain textile exports, in other words, to the extensive import of French textile products by Germany which reacted so unfavourably on the German balance of foreign trade. There is a direct connection between the favourable balance experienced in the first six months of 1924 by France and the unfavourable balance suffered by Germany, the result in both cases being produced by the textile industry.

Germany therefore holds in her hand a vital trump card which she can play in the coming Customs negotiations with France by threatening to throttle the import of French textiles into Germany by means of prohibitive duties. Only one consideration might cause Germany to refrain from playing this card, a consideration mentioned in the report of the German Statistical Bureau, that by prohibitive duties the Alsatian cotton industry, chiefly dependent for a market on Germany by reason of the former position of Alsace as a part of the German Empire, would be the hardest hit. About one-half of the textiles imported into Germany from France did, indeed, consist of cotton fabrics. About one-quarter of the French cotton weaving mills lie in Alsace. The Alsatian cotton mills are naturally participants in exports to Germany to a far greater extent than one-quarter. It must not be assumed that the other French cotton mills are not participants in a similar degree. The good state of affairs which arose in the French textile industry in the summer of 1921, after the crisis of 1920, was far more pronounced in other French cotton areas than in Alsace. According to figures supplied by the *Economiste français* in November 1923, the number of spindles in Alsace certainly showed an increase of 214,000, but the number of mechanical looms showed a decrease of about 5,000, as compared with 1918. In the rest of France the number of mechanical cotton looms increased by about 32,000. The conclusion is that the cotton mills in the rest of France gained in activity at the cost of Alsace. This increased activity applied in particular to the undertakings in receipt of reconstruction funds. It is probable that these undertakings participated more extensively in export to Germany than is generally assumed.

On December 31, 1922, the distribution of spindles and looms over the various French cotton manufacturing areas was as follows, according to the *Economiste français* :—

	Spindles.	Mech. looms.	Hand looms.
Alsace	2,010,240	40,000	—
Meurthe-Moselle, Vosges, Saône, Doubs ...	3,140,000	68,000	—
Normandy and the West	1,662,000	31,500	1,800
Loire and Rhône ...	—	26,000	23,000
War area :			
Lille, Roubaix-Tourcoing	2,089,000	3,500	—
Armentiers	1,491,000		
St. Quentin	—	6,700	3,000
Amiens	—	5,000	—

In the wool industry Alsace does not play so important a part. There are in Alsace 10 wool factories and 356 combing machines, whereas in the rest of France there are 1,757 such machines.

France has known how to secure valuable strongholds for herself at the London Conference by insisting on the deliveries of coal and coke, dyestuffs and ammonia. In regard to the dyestuff deliveries it was purely a question of Customs considerations, as the French dye industry has developed greatly during the last few years. Germany will probably be forced, therefore, to make the most of her position in regard to the textile industry, and the unfortunate Alsace will stand between two fires.

COTTON-GROWING IN HUNGARY.

For some years experiments in cotton-growing have been conducted by the Cotton Section of the National Federation of Hungarian Textile Factories. These experiments have been made in the Békéser Comitat and in Ujpest, and the attempts at acclimatising cotton appear to have met with success.

In an interview with a representative of the *Pester Lloyd*, Mr. Robert v. Szurday stated that the trials had been made on 15 joch of land on the estate of Count Ladislaw Wenckheim and under the direction of the Federation, who supplied the acclimatised seed.

Judging from the results, he said, one can now reckon the cultivation of cotton in Hungary as within the realm of possibility. A good harvest is expected from the new experiments which will be conducted on a bigger scale next year. The great importance of this can be seen from the following :—

Cotton does not demand especially good soil ; it will even satisfy itself with sand, such as is used only too often for wine-growing. But the sand must be binding, as the cotton plant itself does not tend to bind. On such ground, if the weather in October remains favourable for a few days, about 200 to 250 kilogrammes of clean cotton and three times that quantity of oil seeds per kastraljoch are to be expected. This equals roughly a net result of five to seven million kronen, leaving out of calculation the amount to be obtained for oil and oil-cakes. It should be noted that the labour required is absolutely the minimum, since the cotton plant needs only to be sown and then once digged round. After that no further labour at all is required, except, of course, the picking of the capsules in late autumn. The threshing of the seed is not the work of the agriculturist, since the product is sent as it is to the factories.

If one bale of cotton can be produced per kastraljoch one must plant 100,000 kastraljoch in Hungary in order to meet the Hungarian demand of about 100,000 bales of cotton, this including the imported manufactured cotton goods. This is the same area as is at present used in Hungary for the cultivation of sugar beet. Hungary devotes too much land to wine-growing, and a part of the poorer soil could be utilised to greater advantage for the cultivation of cotton. In a few years cotton would thus prove for the farmers an excellent substitute for wine-growing.

The value of 100,000 bales of cotton is to-day about 12½ million dollars, or about 60 million gold kronen. If Hungary spent this sum on home production instead of, as till now, sending it abroad for foreign cotton, the trade balance would be considerably improved and probably the deficit wiped out.

The question of the production of cotton-seed oil is also of great importance. The very finest salad oil can be obtained by refining cotton-seed oil, and this could be exported as one of the best oils of its kind.

The manufacture of oil cakes must not be overlooked. For an agricultural country like Hungary this by-product is important and its value for feeding Hungarian cattle inestimable.

Taking all in all this question of cotton-growing is so significant that it demands the most serious attention of the State and interested circles. Already the results attained have roused the interest of other farmers, and this interest will naturally extend still more when the Government and the agricultural representatives lend their support to the efforts of the cotton-spinners of Hungary.

In any case, the fact that cotton can be grown in the open in Hungary again shows how essential it is to stimulate the Hungarian textile concerns, which is not merely a matter for industry but also for the farmer.

☞ *In order to avoid delay in the delivery of Foreign Papers, attention is drawn to the change of address of* The Economic Review, *the Business and Editorial Offices of which are now at 6, John Street, Adelphi, London, W.C.2.*

THE ECONOMIST'S BOOKSHELF.

HOBBES: A GERMAN ESTIMATE.

Hobbes und die Staatsphilosophie. By Richard Hönigswald, Professor in the University of Breslau. (Munich: Ernst Reinhardt.)

"Man never is, but always to be blest" is as true of political organisation as of any other aspect of human activity. The history of political experience is one of disillusionment alternating with renewed expectation. To-day, when democracy is on its trial in nearly all the States of Europe, this little book (published several months ago, but only recently come to our notice) may be welcomed. Though Hobbes' conclusions are entirely opposed to the trend of modern opinion, the vigour and honesty of his thought give a permanent value to his work, even though it be only that of making the convinced democrat turn out his mental store-room and get rid of the rubbish that has accumulated there unsuspected and unheeded. Muddled thinking cannot exist long in Hobbes' neighbourhood, and muddled thinking is an evil particularly prevalent in politics to-day.

"The condition of mere nature . . . is anarchy and the condition of war. Men for the attaining of peace, and conservation of themselves thereby, have made an artificial man, which we call a commonwealth." These words of the Leviathan, forming as they do the basis of Hobbes' teaching as regards the State, place him in the direct line of succession to Aristotle, with his fundamental thesis that man is a political animal. Between the two stand the great political thinkers of the Middle Ages and the Renascence, St. Thomas Aquinas, Dante, Machiavelli, Jean Bodin. Each of these contributed something to the development of Hobbes' thought, for his attainments as a scholar were of no mean order. But there is a lateral as well as a vertical connection between all great thinkers, and Hobbes was powerfully influenced by the contemporary thinkers of the seventeenth century, an age peculiarly prolific in philosophical speculation. He was personally acquainted with many of them, for his lifelong connection with the Earls of Devonshire brought him into touch with cultured as well as political society; he knew Bacon and Ben Jonson in his younger days, he met Descartes in Paris, Gassendi and Galileo were among his intimate friends. It is the merit of Dr. Hönigswald's book that he brings out Hobbes' position in the philosophical thought of his time very clearly. It is far too generally assumed that Hobbes' political writings were the direct outcome of the circumstances in England between 1640 and 1660, of the Civil War, the Commonwealth and the Restoration. Dr. Hönigswald shows that though Hobbes was affected by these circumstances, since it was impossible that any alert and intelligent man should not be, his political philosophy was not based upon empirical considerations, but was an integral part of a logical system of thought of which it was at once the goal and the crown. In this respect Dr. Hönigswald's book is worthy of all praise; our only suggestion is that room might have been found for more than two casual references to Grotius. Though not, strictly speaking, a philosopher, Grotius' contribution to the political thought of his day was so full of significance, both for his own and for future generations, that in a book which professes to be devoted to political philosophy we think he should have received somewhat fuller comparative treatment than is accorded to him.

We say "professes to be devoted to political philosophy" advisedly, for this is our chief quarrel with the book. After an introduction dealing quite adequately with the main circumstances of Hobbes' life and their reaction on his intellectual development, the writer plunges *in medias res*. Hobbes' philosophy is expounded in six chapters, of which only one is directly devoted to his teaching regarding the State. The others deal with his fundamental philosophical ideas, and his views on logic, physical phenomena, psychology, education and ethics. These are all very carefully and clearly explained, but the space devoted to them is disproportionately large for the size of the book. Dr. Hönigswald justifies his handling of his subject by insisting repeatedly on the fact that Hobbes' theories of the State are so entirely the outcome of his general philosophy, and particularly of his views on logic and psychology, that the one cannot be treated without the other. This is undoubtedly true; it is useless to build a house without first laying the foundations. But the foundations need only be proportionate to the size of the house, and it is somewhat disconcerting, after having seen in construction the foundations of a mansion, to find only a very modest villa perched on top of them. The author would have done better to have limited himself more strictly in his discussion of those parts of his subject which Hobbes himself, in his table of the several subjects of science in the *Leviathan*, classes under the heading of Natural Philosophy. This would have given him space to discuss more fully Civil Philosophy or Politics. The chapters on education and ethics and on the theory of the State are the best in the book in our opinion: we would willingly have had more of them. Particularly we would have liked sharper criticism of the fundamental ideas, the State of Nature and the Social Contract, on which Hobbes' political teaching is based. He is such a vigorous and forceful writer that the reader who comes to the *Leviathan* for the first time (and the *Leviathan* is the only book that is now at all widely read) is apt to be carried away. In a book which would appear to be for the student of political philosophy rather than for the scholar guidance as regards acceptance or rejection is desirable. Dr. Hönigswald does criticise, but with more space at his disposal he might have developed his criticism more fully, and the book would, we think, have been proportionately more valuable.

There are a few minor errors which might with advantage be corrected in another edition. "Louis XV." (p. 18) should obviously be "Louis XIV."; the publication of *De Corpore* (p. 21) took place in 1655, not 1665; the date of More's birth (p. 184) was 1478, not 1480. We do not know what is the authority for the statement (p. 12) that Hobbes went abroad in 1629 with a young Scottish nobleman; the youth in question was the son of Sir Gervase Clifton. The Cliftons were an old Nottinghamshire family which, though of good standing, could hardly be called noble. A more serious point is the question of the publication of *The Elements of Law Natural and Politic*. Dr. Hönigswald says that it "appeared publicly" in 1640, and he does not mention its publication ten years later in two parts, *Human Nature* and *De Corpore Politico*. The inference is therefore that it was published in 1640 as a whole, and that Hobbes' flight from England at the end of the year was a direct consequence of it. The facts are that the book was only circulated in manuscript to a comparatively small number of people, and that Hobbes' retreat to Paris was the outcome of his constitutional timidity rather than of any real danger to his life through the expression of his political views. In 1640 the Long Parliament was aiming at bigger game than an unknown philosopher. In spite of these criticisms, however, we find the book a careful and thorough study of Hobbes' views, and worthy of the place which it occupies in a series of volumes on the history of philosophy. K.M.G.

MR. HILTON YOUNG'S BOOK.

The System of National Finance. By E. Hilton Young Second edition by E. Hilton Young and N. E. Young (London: John Murray. Price, 10s. 6d. net.)

Of the numerous human relations which go to constitute what is known as "politics," none, perhaps, are more obscure to the ordinary mind and none more

immediate in their reaction upon public and private welfare than those which are comprised in the term "national finance." In a modern state no citizen, however humble, is absolved from the payment of taxes in one form or another, and few are the adults who do not share, however indirectly, in the responsibility of determining what taxes the State shall be entitled to levy and how it shall be entitled to apply their proceeds. It is the nature of democracy to be critical, indeed over-critical, wise in its own conceit. No sensible man, who is not skilled in the art of watchmaking, will attempt to dictate to the watchmaker how he shall make or repair a watch; he is content to judge by results as to whether his watchmaker is honest and skilful, and, if satisfied, to repose full confidence in the judgment of the practitioner. The national finance is a mechanism in every way as delicate as a watch, and requires no less skill and experience in the handling. Yet the democracy is not content to leave it to the care of those who understand; it will presume to interfere and to prescribe to the practitioner the details of his business. We do not suggest that the analogy between national finance and watches is by any means complete; for, in the first place, national finance comes within the sphere of action and of power as well as of knowledge, and, in the second place, it is far more difficult to determine when its mechanism is working well or ill, and consequently to judge of the skill or honesty of the practitioners. You lean tell whether a watch is going well without any knowledge of the mechanism of watches, but you cannot tell if the national finance is working well without an understanding of the mechanism of finance. The present political campaign in the United States is affording a conspicuous instance of the incompetence of popular criticism, and the Chase National Bank has found it necessary to expose the ineptitude of the charges which are being levelled at the Federal Reserve Banks in respect of the alleged connection of their discount policy with the agricultural depression. Again, during the recent election in England men of high standing sought to sway their audiences by arguments relative to certain aspects of international finance which would not bear a moment's examination, arguments which could not have been used if the hearers had been known to be acquainted with the most elementary principles governing the subject. Again, the proposal for capital levy is an essay in public finance upon which not one elector in a thousand is qualified to pronounce any opinion at all; and as for the proposal to nationalise the Bank of England, which is the subject of so much uninstructed oratory, it may well be doubted whether one in ten of the orators themselves, far less their listeners, are even dimly acquainted with the functions actually performed by that institution or with its place in our system of public finance. It is therefore of high importance that the manner in which our public finances are conducted should be made accessible to the layman in a form which he can understand. Mr. Hilton Young performs this task in an eminently successful degree in the present volume, which is a second edition of the book originally published in 1915. Mr. Young, having wide and direct personal experience of the subject with which he deals, speaks with authority, and he contrives to endow abstruse and intricate matter with a lucidity and simplicity in no way calculated to induce the weariness which he suspects may have overtaken his readers ere they have reached his concluding chapters. His object is to describe and explain the mechanism of British public finance, rarely to criticise. The original work is revised and brought up to date in the new edition, and the section relative to the national debt, which the war has complicated in no mean degree, has been rewritten. From the perusal of these chapters in particular the student, and indeed the practical man of finance, to say nothing of the layman, cannot fail to derive salutary instruction. It is not till the last page that he startles us by "winding up" with a generalisation widely held, but in our view substantially fallacious.

"All the financial operations of the State are an unmitigated evil, which is, unluckily, necessary. It is an evil, although a necessary one, that the State should have to collect and spend revenue. A tax is a bad thing and not a good thing. It reduces the incentive to work and save; it diverts money from its natural channels; and it wastes a part of it in the expenses of administration. Could we do without taxes altogether, we should all be better off. But we cannot; and since taxes we must have, we must also have a system of financial administration. We should be better without one, but we have got to have it. Since we have got to have it, it is a good thing to understand how it works and to keep a close watch upon it to see that it works well: for it is rather an elaborate engine, and very apt to leak."

This expression of opinion is in no way material to the substance of the book, but coming as it does from Mr. Hilton Young, we cannot allow it to pass unnoticed. We can conceive no sense in which taxation, provided the proceeds are well spent, is an evil, economic or other. Good public spending is in every way better than bad private spending; the soundest economic system is one in which there is a nice balance between saving and spending, and between public and private spending. *Overtaxation* is admittedly an evil, but so is *undertaxation*, and over-saving is not very much better than over-spending. But let not our disproportionate attention to a minor excursus into theory on the part of Mr. Young deter the reader from acquainting himself thoroughly with the contents of this excellent volume.

J.C.J.

FORTHCOMING BOOK.

Messrs. Macmillan and Co. have nearly ready a translation, in abridged form, of *The State Theory of Money*, by Professor G. F. Knapp, a distinguished German economist. The English version has been prepared by Dr. J. Bonar and Mrs. H. M. Lucas, and is confined to the theoretical part of the work. First published in 1905, the book has had considerable vogue in Germany, for a second edition appeared in 1918, a third in 1921, and a fourth in 1923. The fourth edition has been used for the purposes of the English translation.

PUBLICATIONS RECEIVED.

A Handbook of Housing: How to Meet the Problem. By B. S. Townroe, B.A. With contributions by four ex-Ministers of Health, the Director-General of Housing, and the former Director of the Building Research Board. (London: Methuen & Co. Ltd. Price, 6s. net.)

Economia: Rassegna Mensile di Politica Economica. September 1924. (Trieste: Il Circolo di Studi Economici. Price, L.8 per copy, L.80 per annum.)

Gesammelte Schriften von Eugen von Böhm-Bawerk. Edited by Franz X. Weiss. (Vienna: Hölder-Pichler-Tempsky A. G. Price, Mk.15.)

Giornale degli Economisti e Rivista di Statistica. October 1924. (Rome (4): Via del Tritone, 67. Price, L.80 per annum.)

Grundsätze der Volkswirtschaftslehre von Carl Menger. Second edition, with an Introduction by Richard Schüller, revised by Carl Menger Junr. (Vienna: Hölder-Pichler-Tempsky A. G. Price, 10s. 8d.)

Primitive Labour. By L. H. Dudley Buxton, M.A., Lecturer in Physical Anthropology in the University of Oxford. (London: Methuen & Co. Ltd. Price, 7s. 6d. net.)

LEAGUE OF NATIONS
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STATISTICAL SECTION

THE TRADE BAROMETER

Our weekly index is composed of quotations for the ten following commodities :—

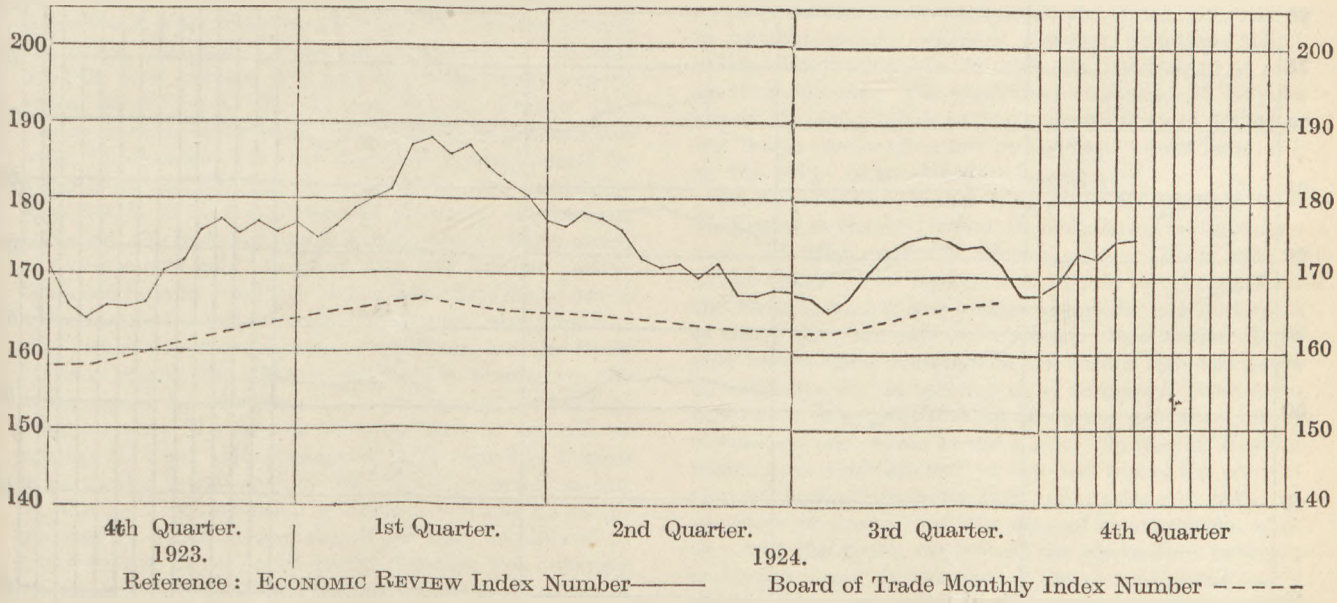
1. Pig iron.
2. Tin.
3. Coal.
4. Linseed Oil.
5. Cotton.
6. Wool.
7. Hides.
8. Wheat.
9. Bacon.
10. Sugar.

Table I. shows the movements of our ten commodities in the aggregate, and Table II. the movements of each of them in relation to the others. We have chosen December 30, 1921, as our base, the price of each commodity on that day being represented by 100 (at a time when the index in Table I. stood at 150). For a full explanation of our index number see THE ECONOMIC REVIEW, Aug. 29, 1924, page 194.

TABLE I.

Date	10 Commodities	Bde of Tde Monthly Average	Date	10 Commodities	Bde. of Tde Monthly Average	Date	10 Commodities	Bde. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average
1920.											
Jan. 16	367.9	296.6	May 12	204.3	201.7	Aug. 18	164.0	156.3	Dec. 14	177.0	163.4
Feb. 13	367.6	310.3	June 17	201.8	197.7	Sept. 15	161.2	154.3	1924		
Mar. 19	396.9	319.0	July 15	194.4	194.1	Oct. 13	161.2	155.2	Jan. 18	178.6	165.4
Apr. 16	384.6	325.2	Aug. 19	178.1	190.0	Nov. 17	169.3	157.6	Feb. 15	187.9	167.0
May 14	391.2	325.5	Sept. 16	183.4	187.0	Dec. 15	161.2	155.8	Mar. 14	182.1	165.4
June 18	417.7	322.4	Oct. 14	170.2	180.7	1923			Apr. 18	177.5	164.7
July 16	418.8	316.9	Nov. 18	154.5	172.8	Jan. 12	162.8	157.0	May 16	171.2	163.7
Aug. 13	386.8	313.1	Dec. 16	153.2	167.9	Feb. 16	177.2	157.5	June 20	167.8	162.6
Sept. 17	379.4	311.4	Dec. 30	150.0		Mar. 16	192.4	160.3	July 18	167.1	162.6
Oct. 15	328.6	302.3	1922			Apr. 20	198.5	162.0	Aug. 15	175.3	165.2
Nov. 19	293.0	286.9	Jan. 20	144.0	164.0	May 18	198.1	159.8	Sept. 19	167.9	166.9
Dec. 17	257.0	263.8	Feb. 17	149.2	161.8	June 15	190.0	159.3	Oct. 10	173.1	
1921			Mar. 17	149.8	160.0	July 20	177.3	156.5	„ 17	172.5	
Jan. 14	244.2	245.9	Apr. 14	151.7	160.1	Aug. 17	174.6	154.5	„ 24	174.8	
Feb. 18	219.1	225.2	May 19	162.1	160.6	Sept. 14	173.2	157.8	„ 31	175.0	
Mar. 18	199.0	210.8	June 16	163.6	159.9	Oct. 19	166.0	158.1			
Apr. 15	202.8	204.8	July 14	165.1	160.3	Nov. 16	171.7	160.8			

CHART ILLUSTRATING TABLE I.



Reference : ECONOMIC REVIEW Index Number——— Board of Trade Monthly Index Number – – – – –

TABLE II.

Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922.												1922.
Jan. 27 ...	90.6	90.5	92.4	108.8	85.3	100.0	82.6	101.1	94.4	96.1	94.18	... Jan. 27
Apr. 28 ...	92.9	89.4	89.6	149.1	87.9	106.7	78.3	113.5	115.8	107.7	103.09	... Apr. 28
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	... July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... Dec. 29
1923.												1923.
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	... May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	... Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	... Nov. 16
1924.												1924.
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	... July 11
Aug. 15 ...	87.7	148.0	78.3	145.6	158.8	151.1	94.2	124.1	84.6	96.6	116.90	... Aug. 15
Sept. 26 ...	85.8	136.6	72.6	151.8	120.6	151.1	97.1	113.8	81.6	108.1	111.91	... Sept. 26
Oct. 10 ...	84.9	140.8	67.9	158.2	128.0	175.6	95.7	114.6	84.2	104.1	115.40	... Oct. 10
„ 17 ...	84.9	141.7	67.9	161.4	113.3	175.6	97.1	116.2	87.5	104.1	114.97	... „ 17
„ 24 ...	84.9	148.2	68.9	162.3	112.4	175.6	98.6	120.2	90.1	104.1	116.53	... „ 24
„ 31 ...	84.9	150.7	67.0	160.5	115.0	175.6	98.6	123.3	90.1	101.2	116.69	... „ 31

*Revised Quotation.

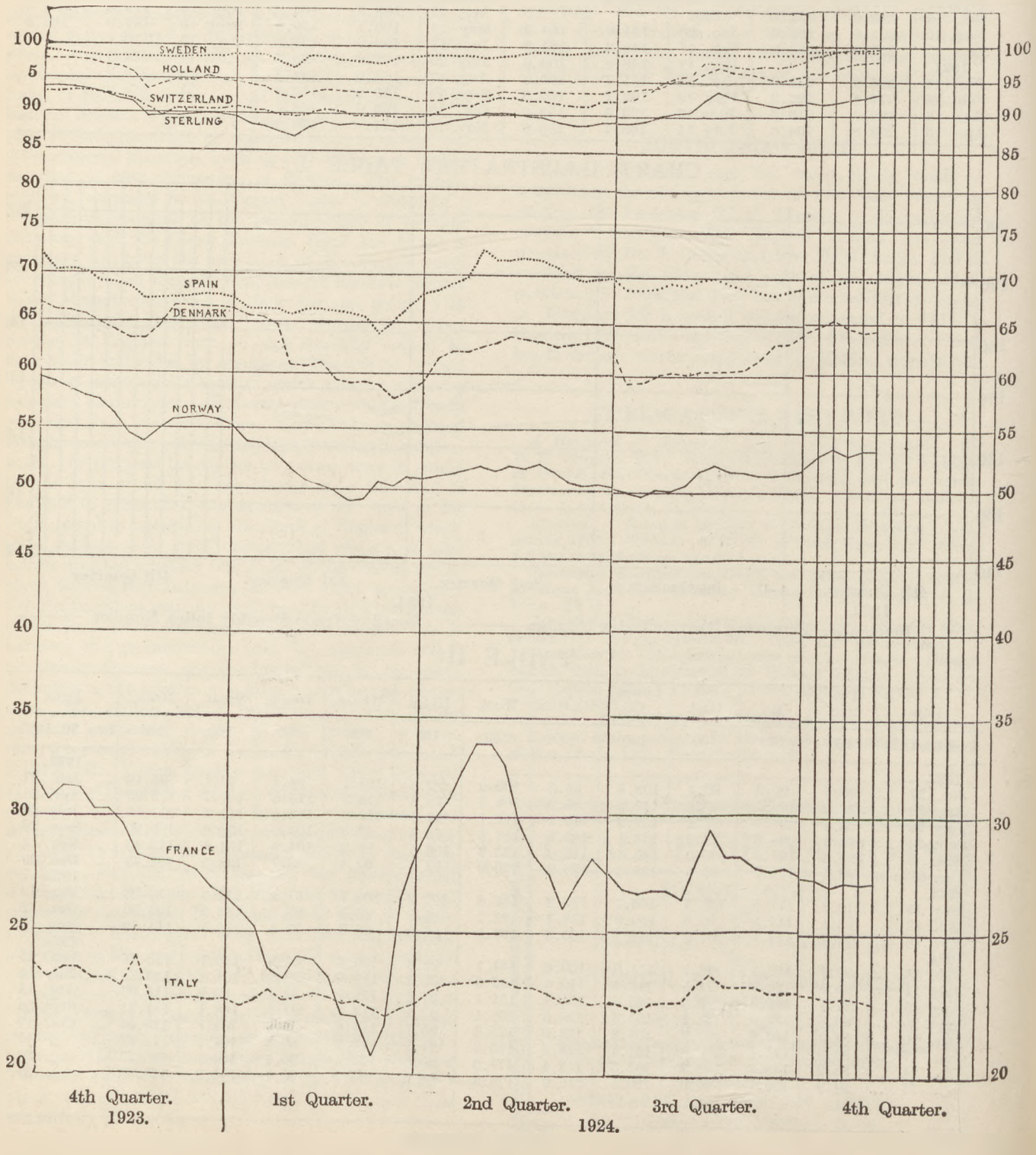
Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(*To Week ending November* 1.)

	Week ending Nov. 1.	Oct. 25.
Switzerland ...	99.77	99.54
Sweden	99.31	99.31
Holland	97.95	97.72
Sterling	92.90	92.47
Spain	69.66	69.66

	Week ending Nov. 1.	Oct. 25.
Denmark ...	64.42	64.27
Norway	53.33	53.33
France	27.16	27.10
Italy	22.44	22.54

The curves for each country show the percentage of dollar parity, the daily quotations (over London) being averaged every week. The scale is logarithmic, so that equal vertical distances represent equal *proportional* differences and changes in every curve.